



Survivors of a Serb artillery assault emerging Wednesday from their forest hideout as United Nations military observers reached the besieged Bosnian village of Zepa and began evacuating the wounded from the Muslim enclave.

Italy Arrests Head of Top Public Firm In Scandal

Investigation Continues To Link State Industries To Corruption Charges

By Alan Cowell

ROME — The head of Italy's biggest public corporation... was arrested Wednesday on corruption charges...

His detention came one day after the arrest of two members of Italy's former Communist Party...

The former Communist Party, now renamed the Democratic Party of the Left, has vigorously protested its innocence in the scandal...

But it is now accused of taking kickbacks from the state railways in a complicated scheme...

The developments in the scandal coincided with an important endorsement of the two-week-old reformist government of Carlo Azeglio Ciampi...

The new government took office after a referendum showed a huge majority of Italians in favor of change...

Since February 1992, some 1,500 businessmen and politicians have been arrested or interrogated...

Mr. Ciampi, the former governor of the central bank, has committed himself to rapid reforms leading to new elections...

See ARREST, Page 2

Intervention in Bosnia: Clinton Mutes His Fervor

By Paul F. Horvitz

WASHINGTON — President Bill Clinton, while signaling his willingness to send observer troops to Macedonia...

In remarks Wednesday, the president emphasized the need to "contain" the conflict to Bosnia; referred to it as a "civil war"...

He also made an ironclad pledge to avoid unilateral intervention, saying the United States "is not about to act alone and should not act alone" in the Balkans...

In contrast, Mr. Clinton's previous statements emphasized the need for Europe and the United States to agree quickly on strong additional measures...

tional measures to halt "ethnic cleansing" and alter the military balance of power, which favors the Serbs...

NEW ANALYSIS

Wednesday by The Washington Post, acknowledging the "mixed signals" by the White House...

Mr. Clinton now says he is examining the possibility of sending a small American ground force to Macedonia...

The move would fulfill the new containment policy and appears to meet recent European demands that the United States join it in placing troops on the ground in the Balkans...

On Wednesday, the president told a television interviewer: "You'll see, over the next few days, that we'll be able to take some more steps that will make peace more likely and will make the confining of the conflict more likely."

An aide said no final decision had been made on the Macedonia question.

Nothing in the president's statements over the last few days precludes the eventual use of U.S. air power against Serbian artillery or pressure to end the UN arms embargo in the region.

Mr. Clinton's spokesman insisted Wednesday that "everything is still on the table."

commentary on Bosnia has clearly shifted away from threats to use force and toward a far more incremental, circumspect approach.

Some commentators, primarily former officials in the administration of President George

See BALKANS, Page 2

Fuel tankers and other trucks passed unrestricted from Serbia into Bosnia. Page 2.

For China's Workers, Job No Longer Lasts a Lifetime

By Sheryl WuDunn

WUHAN, China — A shy, 30-year-old woman with pigtails, Ms. Zhang figured that socialism might not make her rich but that it would at least guarantee her an "iron rice bowl"...

Now she is wiser — and unemployed. "What am I supposed to do?" Ms. Zhang, who would not give her full name, said as she knitted a sweater for her daughter. "Of course I was upset. It's very hard to get used to."

For the first time since the Communists installed their system in China, the government is finally allowing the iron rice bowl to crack into pieces. State-run enterprises across the country are laying off millions of workers...

Here in Wuhan, a sooty industrial city of 7 million people in central China, state workers

have already demonstrated what they think of layoffs. Several workers killed a factory manager who had laid them off.

There are more and more reports of such violence. After an electronics factory in Beijing laid off several hundred workers over several months, some smashed an Audi driven by the factory manager.

Nevertheless, the government seems determined to proceed with layoffs among its 108 million state workers. The coal industry has said it plans to lay off 400,000 workers over the next three years...

The crosscurrents of change collide in places like Wuhan Iron & Steel Corp. The company employs 120,000 workers and is planning to let 80,000 go.

A giant statue of Mao Zedong welcomes

employees into the sprawling factory compound each day, but Mao's spirit seems to be gone. Instead, the factory managers are looking for productivity and profits.

Most of those whom the company plans to lay off do not work in steel-related jobs. For example, the state enterprise employs 8,000 teachers and administrative officers to run 40 schools for its workers and their families.

In early 1992, it was fashionable among the Chinese authorities to call on state factories to "break the three irons": the iron salary, meaning inflexible wages; the iron chair, or permanent jobs for officials, and the iron rice bowl, or lifetime jobs for ordinary laborers.

China has not yet set up a system of social security or unemployment benefits, but so far the layoffs have not created a class of homeless people.

"We are still a socialist country," said Li Pan, deputy secretary-general of the Wuhan municipal government. "We can't just throw people into the streets. We must give them a way out. If they can't move from one iron rice bowl to another, we have to at least give them a rice bowl made of mud."

Wuhan Steel refuses to use the term layoffs and insists that it is "transferring" or "setting aside" a number of workers who would be

See CHINA, Page 2

Some Big IRI Holdings

The head of Istituto per la Ricostruzione Industriale, Franco Nobili, right, was arrested Wednesday.

Table listing various IRI holdings: Eni (60%), Alitalia (50%), etc.

In total, the group's companies employ about 400,000 people and had sales last year of about \$9 billion (€5 billion) or about 5% of Italy's GNP.

German Labor Strife Escalates

By Marc Fisher

BERLIN — More than 300,000 workers throughout Germany took to the streets Wednesday in a quickly escalating showdown between unions determined to protect postwar gains and employers eager to halt a deepening recession.

Ten days into Eastern Germany's first strike in more than half a century, workers in three states in the East voted overwhelmingly to join the job action, while West German workers staged warning strikes in sympathy with their Eastern brethren.

The strike began after employers unilaterally

canceled a two-year-old contract that promised Eastern workers a 26 percent pay raise this spring and parity with wages in Western Germany by 1994.

The strike, a potentially fatal blow to many Eastern companies that have proven unable to compete in the new market economy, is also a watershed in German labor relations, a level of confrontation not seen since the 1920s.

"In 1928, we suffered the same conditions as now," said Manfred Foede, a leader of IG Metall, Germany's largest union, at a rally here on Wednesday. "Mass unemployment, a trend

See STRIKE, Page 15

Kiosk

U.S. to Cancel African Debt

ABIDJAN, Ivory Coast (AP) — President Bill Clinton plans to write off hundreds of millions of dollars in African debt, a senior American official said Wednesday.

Eighteen of the poorest African countries could have 50 percent of debts owed to the U.S. government written off, Lawrence Summers, undersecretary of state for international affairs, said in an interview. He criticized Africa for spending on arms rather than health and education.

Bridge

Table with Dow Jones and Trib Index data.

Table with The Dollar data.

Citizen Gorbachev's Travels Left South America Reeling

By Don Podesta

BUENOS AIRES — A tour of Latin America by Mikhail S. Gorbachev, the former Soviet president, last November and December turned into such an expensive extravaganza that it bankrupted the Argentine organization that sponsored it, the Colloquium Foundation.

Last month, the foundation's director, Jorge Romero, killed himself in suburban Buenos Aires.

"The visit of Mikhail Gorbachev to Latin America, organized by the Colloquium Foundation — over which I preside — culminated in a financial debacle," Mr. Romero said in a suicide letter.

Mr. Gorbachev expressed dismay at the death, which punctuated a trip that by some accounts came a cropper because Citizen Gorbachev was still too much inclined to travel in the style of a president.

Mr. Romero, a former high-ranking Foreign Ministry official whose organization had brought other well-known speakers to Argentina, said in the letter that he had sunk all his personal funds into his foundation, which did not have the resources to cope with the cost of Mr. Gorbachev's visit. Mr. Gorbachev's own foundation sent a letter of condolence.

mitted to a bankruptcy judge. But the Argentine foundation spent more than \$800,000 — \$230,000 on airline tickets alone — resulting in a loss of more than \$300,000.

In Brazil, Mr. Gorbachev's tour lost about \$40,000, and in Chile about \$50,000, according to the vice president of Colloquium Foundation, José Mothe.

In Mexico, it cleared about \$400,000 before taxes. But Mr. Mothe said that the bankrupt organization had seen none of that money and that it was being held up by the Mexican tax authorities.

Mr. Romero's associates at the Argentine foundation do not fault Mr. Gorbachev personally for the financial losses, much less for Mr. Romero's suicide.

"The villain is not Mr. Gorbachev," Mr. Mothe said.

Alexander Likhodol, a spokesman for Mr. Gorbachev and one of the organizers of his visit, showed in Moscow what he said was a copy of the agreement with Mr. Romero stating that any profit from the visit was to be split 50-50 between the Gorbachev Foundation and Mr. Romero's organization.

"We did not make anything out of the trip," he said. Mr. Likhodol also said that none of the money raised from such trips went to Mr. Gorbachev personally.

Ultimate Joyride: He Took the A Train

By Kimberly J. McLarin

NEW YORK — Sixteen-year-old Keron Thomas's obsession with subway trains did not begin in early childhood because in early childhood he was in Trinidad, and Trinidad does not have trains.

But, oh, when he got to New York. He fell in love with the cruising, squealing monsters. He sometimes rode them just for fun. He hung around subway stations and learned the lingo of the motorman. He got his hands on the Transit Authority's book of rules and regulations and thumbed it until its cover was

creased. He hung Transit Authority posters in his room.

He would stand for hours near the front window of his family's Brooklyn apartment, holding a piece of wood and pretending it was a brake handle, calling out the stations in a sing-song voice: "Next stop, Franklin."

All this made Jacquelin Thomas realize that maybe her son was becoming a bit obsessed, she said. Still, she said, she was stunned when transit policemen arrived at her apartment on Monday night and announced that they were arresting her son for impersonating a subway motorman and taking thousands of passengers

on a nearly three-and-a-half-hour ride on Saturday.

"It's a very stupid thing he did," Ms. Thomas said. "I apologize for all the people, all the 2,000 people who rode the train. I very much feel sorry, and I apologize for them."

Keron Thomas was charged as an adult with reckless endangerment, a felony that carries a maximum sentence of seven years, as well as forgery and criminal impersonation.

See SUBWAY, Page 2

Handwritten signature or mark.

STATESIDE / 'DON'T ASK, DON'T TELL'

Senators Backing Compromise Plan On Gay Soldiers

By Eric Schmitt
New York Times Service

WASHINGTON — Senior Senate Democrats and Republicans are beginning to coalesce around a proposal that would end the military's efforts at unmasking homosexuals but would continue to bar them from serving if they are open about their sexuality.

Senator Sam Nunn, Democrat of Georgia, who heads the Armed Services Committee, summarizes the policy this way: "Don't ask, don't tell."

It would mean that the military would not ask new recruits about their sexual orientation or conduct investigations meant to ferret out homosexuals.

But it would also impose a strict code of conduct that would address such questions as harassment, holding hands on base and same-sex dancing. Homosexuals would not be allowed to serve openly.

The Clinton administration and gay-rights groups oppose the plan, which would essentially make permanent an interim Defense Department policy hammered out by President Bill Clinton and Mr. Nunn in January.

It stopped the practice of asking recruits their sexual orientation, but still allows the armed services to place declared homosexuals in a special-reserve status until Mr. Clinton issues a new policy.

The proposal, which still lacks specifics, received the endorsement

of the hero of the Gulf War, General H. Norman Schwarzkopf.

"Open homosexuality is the problem," the general, who is retired, testified at a hearing of the Senate Armed Services Committee.

He said that allowing declared homosexuals to serve in the armed forces would result in disheartened troops. Testifying in his familiar booming voice, he likened such demoralized soldiers to the Iraqis "who sat in the deserts of Kuwait" when allied forces rolled through.

The compromise, enthusiastically received by scores of sailors whom senators interviewed at the Norfolk Navy Base, has suddenly gained momentum.

Senators John W. Warner, Republican of Virginia, and J. James Exon, Democrat of Nebraska, lent their support to the proposal.

Defense Secretary Les Aspin must present a draft executive order to Mr. Clinton by July 15. The Pentagon has two groups, about 50 military officers and the Rand Corp., studying how to carry out the directive. Senior aides to Mr. Aspin say they will begin consulting with advocacy groups, military leaders and lawmakers in early June.

General Colin L. Powell, chairman of the Joint Chiefs of Staff, and the other military service chiefs would almost certainly support the compromise, since it would codify the interim policy they have already approved.



FROM RUSSIA WITH LAUGHTER — Ronald Reagan joking with Sergei Krasavchenko, a member of a Russian parliamentary delegation that visited the former president's office in Century City, California, and presented gifts before a discussion of Russian democratic reforms.

Clinton Says All New Taxes Should Be Used for Deficit

The Associated Press

NEW YORK — Saying he does not blame Americans for distrust in Washington, President Bill Clinton on Wednesday proposed putting all money raised from new taxes and spending cuts into a trust fund dedicated solely to reducing the nation's huge budget deficit.

"The time has come to prove that when we say we're going to do something with the people's money, we actually do it," he said.

"After 12 years of rising deficits and Americans' feeling deceived about the issue, I don't blame the people of this country for being distrustful about what they hear from Washington when it comes to bringing down this deficit," Mr. Clinton said.

Republicans were skeptical all the same. The Senate minority leader, Bob Dole of Kansas, called the proposal, which would have to be approved by Congress, "just a gimmick."

"The American people don't care where new taxes go," he said. "They don't want them, period."

Senator Pete Domenici of New

Mexico, the senior Republican on the Budget Committee, added: "You can put it in a bushel basket. You can put it in a box, and the truth of the matter is nobody should be fooled."

Mr. Clinton, trying to build support for his economic plan by tapping into the deficit-reduction theme popular with Ross Perot and his followers, borrowed the idea from proposals already circulating in Congress.

He spelled out his plan in a speech at the Great Hall of the Cooper Union for the Advancement of Science and Art, which was the forum for speeches by Abraham Lincoln, Ulysses S. Grant, Grover Cleveland, Theodore Roosevelt and William Howard Taft before they became president.

He said his proposal would require Congress to "put every penny of new taxes and the budget cuts proposed in any budget into the trust fund so the American people know that it has to go to deficit reduction."

Practically speaking, the trust fund would not do much more than

is already required under Congress's complicated system of "budget reconciliation," which requires spending and taxes to fall within agreed-upon limits.

It also would not reduce the deficit any more than is already planned, about \$500 billion over five years.

Supporters, however, hope taxpayers will view the trust fund as a legally binding contract that locks in deficit reduction.

"This is a legal guarantee of what the budget reconciliation is supposed to do," said Gene Sperling, the president's deputy assistant for economic policy.

In a victory for Mr. Clinton on Tuesday, Senate Democrats broke a Republican filibuster and sent legislation designed to increase voter registration by almost 50 million people.

The vote to end the last stage of debate that had lasted five years was 63 to 37.

Among the provisions of the legislation is one requiring states to allow registration along with driver's license renewals.

Wisconsin Recounts in Close Race for House

Washington Post Service

WASHINGTON — Officials in Wisconsin's 1st Congressional District began recounting the ballots Wednesday from last week's special House election. The result is expected next week.

Based on official results, Peter Barca, a Democratic state representative, defeated a Republican businessman, Mark Neumann, by

725 votes to fill the southeastern Wisconsin seat vacated by Defense Secretary Les Aspin.

The election likely will hinge on roughly 1,100 ballots from several Republican strongholds that were never counted last week because election officials could not determine who they were for.

The punchcard ballots generally were punched for a vacant line just

below the line for Mr. Neumann, leading Republicans to claim that they had lost on a printing error.

Republicans said that after the election they discovered that in some counties there were many more voters who signed in than were counted. Given that there were no other contests on the ballot, they concluded that the voters were trying to vote for someone.

Colonel's Impassioned Testimony: Service Would be 'Hell' for Gay Son

By John Lancaster
Washington Post Service

WASHINGTON — A senior Marine officer, testifying against President Bill Clinton's plan to lift the ban on homosexuals in the military, electrified a packed Senate hearing room with a poignant and personal revelation about his own son.

"My son Scott is a homosexual," said Colonel Fred Peck, who returned last week from a five-month tour as chief spokesman for U.S. military forces in Somalia. "And I don't think there's any place for him in the military."

Colonel Peck had not prepared his audience for the disclosure, beginning his appearance before the Senate Armed Services Committee with a litany of military objections to lifting the homosexual ban. But

then he started talking about his son.

"If he were to walk into a recruiter's office, it would be a recruiter's dream come true," Colonel Peck said in a voice growing taut with emotion. "He's 6-foot-1, blue-eyed, blond hair, great student."

"But if he were to go and seriously consider joining the military," Colonel Peck added, "I would have to, number one, personally counsel against it and, number two, actively fight against it, because my son is a homosexual."

Colonel Peck's testimony on Tuesday was the most personal and heartfelt plea from any military officer on behalf of retaining the ban and illustrated the depth of emotion within the military services against the president's plan.

He said his opposition to the

plan has nothing to do with "the worth of the individual."

"I love him," he said of his son, now a senior at the University of Maryland's Baltimore campus, as the room fell suddenly silent. "I love him as much as I do any of my sons. I respect him. I think he's a fine person."

Nevertheless, Colonel Peck said, "I've spent 27 years of my life in the military and I know what it would be like for him if he went in. And it would be hell."

"I would be very fearful that his life would be in jeopardy from his own troops," he added.

A Pentagon task force is studying ways to implement the president's plan and is supposed to submit a draft executive order to the White House by July 15.

POLITICAL NOTES

Justice Nominee Ally Speaks Out
WASHINGTON — Howard Reed, the first black member of an exclusive Arkansas country club, says he was recruited by Webb Hubbell, a Justice Department nominee facing criticism for belonging to the club when it was whites-only.

"I would hate to see Webb dragged through a long confirmation process just because he had been a member of a club that did not have a minority member," Mr. Reed said.

A longtime friend of Mr. Hubbell and President Clinton, Mr. Reed is now a top economist in the office of Trade Representative Mickey Kantor. Mr. Hubbell is Mr. Clinton's choice for the No. 3 spot in the Justice Department. (WFP)

Missing: The 80,000 Lobbyists
WASHINGTON — Where did they all come from, those 80,000 lobbyists President Bill Clinton says are "lining the corridors of Washington as never before?"

"I know exactly where they came from," said James Thurber, a professor of government at American University. "Off the top of my head."

Since Mr. Thurber's estimate of 80,000 appeared in a Wall Street Journal article two years ago, it has become the unofficial official number of lobbyists in Washington, the kind of assertion that takes on an aura of fact through continual citation. The consumer groups Common Cause and Public Citizen, federal legislators, major newspapers and now the president have used it as evidence that laws on lobbying need to be changed.

But playing with numbers, especially if it benefits a cherished cause, is a longstanding Washington tradition.

Those who quote the 80,000 figure for lobbyists might be disconcerted to learn how casually it came about, just as Mr. Thurber is more than a bit disconcerted by the uses to which his estimate has been put. The figure was born when a reporter for

The Wall Street Journal, Jeffrey Birnbaum, contacted Mr. Thurber for an article on efforts to revise lobbying laws, which have remained unchanged since 1946. Specifically, he wanted to know how many lobbyists there were in Washington.

Mr. Thurber recalls: "I said, 'Jeff I don't know, 60,000, 70,000, I'm sure 80 is a reasonable figure.'"

Later, Mr. Thurber said, "I got worried about it because I did it off the top of my head."

Most estimates put the number of lobbyists at anywhere from 6,000 to 20,000. Some groups completely dismiss Mr. Thurber's estimate. (NYT)

It's a Turnout Race for L.A. Mayor
LOS ANGELES — With less than a month left in the campaign for mayor of Los Angeles, Richard Riordan, a businessman, leads City Councilman Michael Woo by 44 percent to 37 percent, according to a Los Angeles Times poll of voters most likely to turn out on Election Day.

But the poll gives Mr. Woo a 6-point lead among all registered voters, strongly suggesting that the fate of the election could depend on the size and nature of the turnout June 8. (LAT)

Quote / Unquote
President Clinton, this week: "I've been criticized for doing more than one thing at once. I've always felt — can you do one thing at once? Can you do — wouldn't it be nice if all you had to do was go to work and not take care of your family? Would it be nice if you could pay your bills and not earn any money to pay them? I don't understand this whole — you can't do one thing at once. But anyway, that's what they say."

Stephen Hess, a scholar at the Brookings Institution, commenting on the president's syntax: "Could this be George Bush's revenge? Maybe it's something in the water at the White House." (WFP)

Away From Politics

- The man charged with murdering an abortion clinic doctor has accused the physician of "treason," citing the right to life referred to in the Declaration of Independence. Michael Griffin goes on trial June 21 for the March 10 murder of Dr. David Gunn, who was shot three times as he arrived for work at a clinic in Pensacola, Florida.
- A convicted killer was executed Wednesday by injection in Huntsville, Texas. Claiming his innocence until the end, Lionel Herrera, 43, died before daybreak after staving off execution for several hours with four late-hour appeals. His case led to a landmark Supreme Court ruling on defendants' belated claims of new evidence.
- The coal mine explosion that killed eight miners last December was probably caused by a cigarette lighter igniting a buildup of methane gas, Virginia investigators announced. Southmountain Coal Co., which owns the mine in southern Virginia, also contributed to the explosion by allowing smoking underground, the inspectors added.
- More than \$475,000 was spent sequestering the jury in the federal Rodney King civil rights trial, officials said — or the equivalent of about \$630 a day for each of the 12 jurors.
- A federal jury ruled that City University of New York violated Leonard Jeffries' right to free speech when it removed him as chairman of the City College black studies department last year after he delivered a racially charged speech. Reuters, AP, NYT

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Brazil 000-8012	Egypt 555-5170	Ireland 1-800-551-001	Norway 06-022-91-22	Turkey 99-800-1177
Chile 00-0516	Finland 9800-102-80	Israel 177-150-2727	Netherlands 050-1292	United Kingdom 0800-89-0222
Colombia 980-16-0001	France 19-00-19	Italy 172-1022	Norway 001-190	Uruguay 000-412
Cyprus 080-90000	Germany 050-0012	Jamaica 0800-1111	Poland 001-04-800-222	Venezuela 800-114-0

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JAVICO 1580

Herald Tribune

Trans-Atlantic Failure

A Task for Allies

The notion that the Europeans have no heart for serving their own interests in Bosnia...

Bosnia could provoke attacks on its peacekeepers... The notion that the Europeans have no heart...

Clinton Should Wait

With the failure of Secretary of State Warren Christopher's mission to Europe...

With the allies in gridlock, Britain and France already have peacekeeping forces...

A Mess at the Archives

It is an unhealthy situation when America's central record-keeping cortex...

cluding the move of a great many boxes of ex-President Ronald Reagan's records...

Other Comment

Lowering the Jolly Roger

Persistent pirate attacks on commercial shipping at key routes on the world's sea lanes...

While some pirates have been repelled by fire hoses and other nonlethal measures...

Europe's Futility in Bosnia Is an Ominous Symptom

By William Pfaff

PARIS—It is very striking and not a little troubling that the West European nations that were the most powerful and dynamic states in the world 50 years ago are today incapable of looking after their own fundamental interests...

Even full ratification of the Maastricht treaty will now be an empty gesture.

an governments and elites incapable of more than palliative humanitarian measures to appease a public opinion distressed by images of suffering and cruelty.

war takes place in Europe; Europe's future will be shaped by what has not been done. At the same time the campaign goes on to obtain Maastricht treaty ratification...

admirable in itself, but wholly marginal to the political issues. President Francois Mitterrand's visit to Sarajevo last summer...

book about the leadership void in his country. Mr. Schmidt describes Germany today as legalistic, bureaucratic, inflexible, conformist and irresponsible in such foreign initiatives as it does take.

Clinton and the Economy: A Suspicion of Jobs Gone for Good

By Jim Hoagland

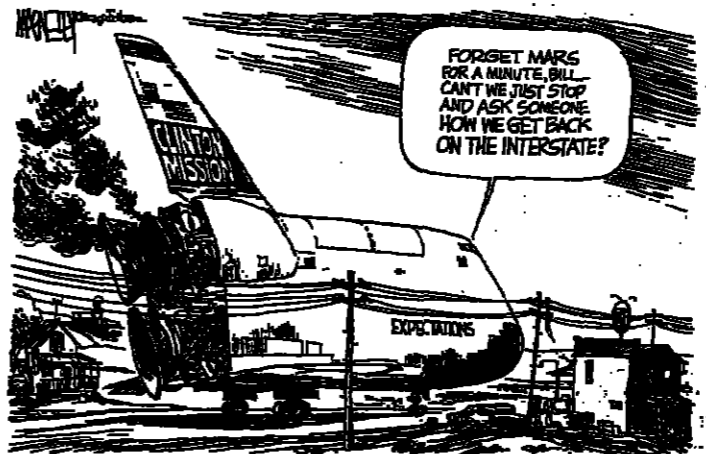
WASHINGTON—To grasp why public confidence and perhaps even power are ebbing away from Bill Clinton at the moment...

administration whose success depends on restoring the confidence of Americans in their economic future.

strategy," the president's special trade representative, Mickey Kantor, promised in his Jan. 19 Senate confirmation hearing.

gain at home and negative fallout abroad. His April 16 public frothing of Japanese Prime Minister Kiichi Miyazawa at the White House provides a case in point.

etiquette on his head. The private meeting that preceded the press conference was much more cooperative than confrontational and spent relatively little time on trade.



But the Truth Is That Recession Is Fine With a Lot of Americans

By John Kenneth Galbraith

CAMBRIDGE, Massachusetts—Reputable economic attitudes hold that the American economic mood is high, not despite full employment and a reliable rate of expansion in economic output.

low or negligible economic growth. One must, however, challenge all accepted attitudes on the next point. It is that recession is uniformly adverse in its effect and thus by everyone deplored.

creases. They are in no real danger of loss or diminution of income. Present here are the more secure parts of the modern corporate bureaucracy.

secure also are those Kansas farmers, constituents of Senator Bob Dole, whose prices are guaranteed by the government, whose expenses and labor costs are now stable.

But monetary policy works against recession by reducing interest rates and therewith renter income. This is by no means welcomed by those who enjoy such income.

Reward the Keepers of Biodiversity

By Paul Spencer Sochaczewski

YAP, Micronesia—As a sportsman and conservationist, I have been taught to scuba dive in an "accidentally" manner: taking nothing, doing no damage and leaving no trace of my presence.

stated in a letter to the Micronesian federation, of which Yap is one of four island-states, that they were looking for new agents to replace toxic barnacle-resistant paints for bacteria that "eat" oil spills, and for phytoplankton species that can turn atmospheric carbon dioxide into compost.

pines, contain 70 percent of all coral species. Very few other regions have such diversity. A key debate at Rio focused on the responsibility of "gene-rich" nations, most of them in the developing world, to protect their biodiversity for the benefit of mankind.

1893: Woman Spurned BRUSSELS—An important controversy on the rights of women has been in progress since the recent election of Mme. Alice Bron, known in literature under the nom de plume of Jean Fresco, as a member of the Board of Charity of Monceau-sur-Sambre.

ment that the Polish question concerns only Germany and that it is not an international problem.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Woman Spurned BRUSSELS—An important controversy on the rights of women has been in progress since the recent election of Mme. Alice Bron, known in literature under the nom de plume of Jean Fresco, as a member of the Board of Charity of Monceau-sur-Sambre.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen LEE W. HUEBNER, Publisher JOHN VINCIGUERRA, Executive Editor...

Vertical text on the right edge of the page, including 'It: Ech', 'WTERS TO THE EDI', 'for Waro', 'Every Saturday in the H.T.', 'read', 'Investment information', 'every Saturday in the H.T.', 'read', 'Investment information'.

OPINION

This Is It: Echoes of Johnson

By George F. Will

WASHINGTON — When Earl Weaver was manager of Baltimore's Orioles and base of American League umpires, he would charge out of the dugout bellowing, "Are you gonna get any better or is this it?" Today that question is being asked about the Clinton administration. The answer is: This is it.

This is what liberal government looks like: Lyndon Johnson redux. Consider two examples, the administration's plan for fine-tuning the Balkan civil war, and the administration's plan for fine-tuning the fairness of American society.

Consider Clinton's plan for fine-tuning the Balkan war — then think back to Vietnam, the professors' war.

Under the headline "Trying to Level the Battlefield," The Post reported that Bill Clinton plans to "equalize the combatants" by arming Bosnia's Muslims.

The theory, The Post reported, "is that the warring Bosnian Serbs and Muslims eventually will make peace, once they are more equally armed." But the Bosnian Muslim militias must get precisely the right amounts of weapons — enough to prevent the Muslims' defeat but not enough to embolden the Muslims to try to reconquer lost territory.

and manipulative doses. Vietnam, remember, was a professors' war, long on theories and nuances. Force was dispensed in carefully calibrated increments to "signal" this or that, and to modify enemy behavior by rewarding and punishing the enemy's actions while the United States went about "nation-building" in South Vietnam.

Quick, someone send to the White House Deborah Shapley's book "Promise and Power: The Life and Times of Robert McNamara." And mark pages 321-323 where Mr. George Bundy, President Johnson's national security adviser, outlines a plan for bombing North Vietnam in careful proportion to North Vietnam's violence in South Vietnam.

Operation Rolling Thunder derived, Ms. Shapley writes, "from the intellectual theories of signaling and bargaining among adversaries in nuclear war and of ladders of escalation and de-escalation." McNamara may have imagined the bombing campaign as a balance sheet, with the number of enemy targets hit in one column and measures of enemy activity in the South in the other.

Bundy's report even proposed a yardstick: They would publish "weekly lists of outrages" in the South corresponding to the level of "pain" inflicted in the North.

Mr. Bundy's report was written in 1965, three years after Mr. McNamara was presented with Operation Explosion, a plan to arm the South Vietnamese to level the battlefield and bring about negotiations with the Communists. In 1962, Mr. McNamara said of Operation Explosion: "We must take a conservative view and assume it will take three years instead of one year."

The Clinton administration's confidence in its capacity to fine-tune the fairness of American society also resembles the Johnson administration's confidence. The resemblance is particularly striking concerning the racial policies that for 30 years have been disuniting America, producing a proliferation of grievance groups, each claiming victim status and demanding entitlement to special rights.

must be treated as wards of the state and given preferential treatment. Victimism has given rise to forced busing, affirmative action, racial set-asides, and even the "race-norming" of test scores.

Under race-norming, scores achieved by job applicants on certain tests are segmented by racial groups. Individual scores are reported not in relation to all those taking the test, but only in relation to others in the racial group. Blacks are only compared with blacks, Hispanics only with Hispanics.

The 1991 Civil Rights Act supposedly outlawed race-norming. But Section 403 of Mr. Clinton's education bill calls for a system of assessment and certification of skill standards that uses "certification techniques that are designed to avoid disparate impacts (which, for the purposes of this subparagraph, means substantially different rates of certification) against individuals based on race, gender, age, ethnicity, disability or national origin."

This is race-norming (and gender-norming, etc.). It is just another facet of the Clinton administration's Johnsonian confidence in its ability to fine-tune the world, bringing reality into conformity with ideology. By the way, an interesting word describes the effect that policies like race-norming have on American society: Balkanization.

American history is full of efforts to

The Muzzle of 'Correctness' Has an Ugly History

By Richard Harwood

WASHINGTON — In "Albion's Seed," his great history of the colonization of America, David Hackett Fischer describes some of the penalties for politically incorrect speech in Puritan Massachusetts in the 17th century.

Quakers, he writes, "were punished with special ferocity. Some were branded in the face and 'burned very deep with a red-hot iron with H. for heretic.' Others had their

MEANWHILE

cars cut off, faces scarred and nostrils slit open in a saturnalia of sadistic punishment. . . . Four Quaker women were ordered to be stripped to the waist, tied to a cart's tail and conveyed "from constable to constable," through 12 New England towns, and to be whipped in every town. The women were flogged so terribly that the blood coursed down their naked backs and breasts, until the horrified townsmen of Salisbury rose against the constables and rescued them."

In Boston in 1637, a synod of the clergy listed 32 forbidden opinions that were to be rooted out as blasphemous, erroneous and unsafe. From 1656 to 1662, a purge of heretics took place. Four were hanged, many others were maimed and mutilated and others were banished. In 1691 and 1692, witchcraft trials conducted by a special commission convicted 32 men and women. All were put to death.

American history is full of efforts to

eradicate dissent and dissenters, to suppress unpopular opinions, to muzzle "incorrect" speech. Laws and vigilante committees were used to impose political orthodoxy on newspaper printers during and after the Revolutionary War. The army was sent out during the Civil War to smash printing equipment and shut down "copperhead" newspapers.

Mobs sacked many newspapers and murdered or assaulted many editors over the years who dared to challenge, mock or repudiate conventional wisdom. The Record in Marion County, Kansas, reported in 1876 the acquittal of a man who had murdered an editor: "That's just the way of some juries — they think it no more harm to shoot an editor than a Jack-rabbit."

Prosecutors and police tracked down and imprisoned pacifists and Socialists during and after World War I. The witchhunts of the McCarthy era are fresh in my memory. Which books, magazines and newspapers did you read? Which ideas did you express? Who were your friends and enemies? Young civil rights workers were murdered in the South in the 1960s because of the words they spoke: End segregation.

We have entered a new period of repressive orthodoxy and conformity. Codes on "word crimes" have been promulgated by at least 300 universities and colleges across the land, creating an atmosphere of fear

and uncertainty over the "acceptability" of words, attitudes and opinions. People are not murdered or mutilated. But their careers and reputations can be put at risk by the words they write or speak.

At the University of Michigan the faculty is warned against "discriminatory" utterances "based on race, color, creed, religion, national origin, sex, sexual orientation, ancestry, age, marital status, handicap or Vietnam-era status that has the purpose or effect of creating an intimidating, hostile or offensive environment for academic pursuits, employment, housing or participation in a university activity." So is it now a speech crime at Ann Arbor and other schools to refer to the president as a "draft evader" or to refer to Davidians as "fanatics"? Are those words "intimidating" or "offensive"?

A respected scholar and dean at Washington College, was accused recently by a leader of a gay group who accused him of being "a bigot, a Nazi, a person like those who persecute Jews; garbage, lower than garbage." The dean's "crime" was to speak in opposition to a "domestic partners" proposal that had financial implications for a college operating in the red. The alliance demanded that he be formally censured by the college and forced to recant. These demands were rejected. Nevertheless, as the dean noted, the mere charge that he is "homophobic" is itself "career threatening" today.

In this new era of orthodoxy, the press plays a variety of roles. It now and then

reminds us — as a handful of papers did in the McCarthy era — of the protections for free expression Americans are supposed to enjoy under the First Amendment and of the social and political values it is intended to protect. It also acts as something of an "enforcer" of orthodox speech and doctrine by ferreting out and punishing with publicity people guilty of speech regarded as sexist, racist, anti-Semitic or otherwise offensive to one group or another. The politician who tells a sexist joke at the Elks Club is likely to wind up on the front page and the evening news.

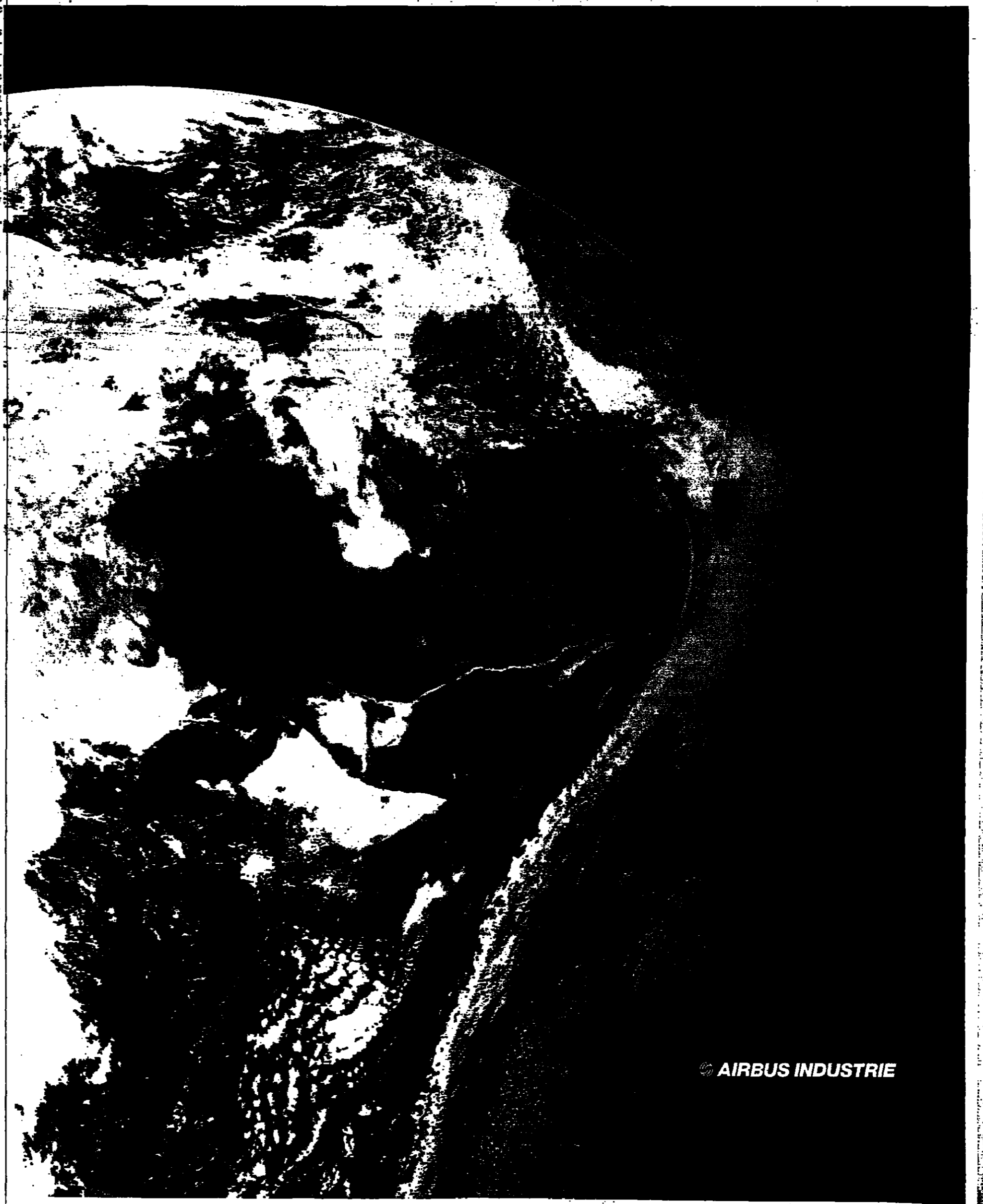
Newspapers themselves are finding it difficult to resist internal and external pressures to conform to various orthodoxies and agendas.

Howard Kurtz of The Washington Post has published a new book in which he describes the modern newspaper as a "house divided" along lines of race, gender, sexuality and ethnicity: "The inevitable result of such a polarized atmosphere is for everyone concerned to tiptoe around explosive subjects, hoping to avoid stepping on . . . a land mine." He calls that "a surefire prescription for more of the bland mush that plagues so many editorial pages." It is also a prescription for averting our eyes from the erosion of the First Amendment and the suppression or discouragement of nonconformist thought and speech that is occurring all around in the United States today.

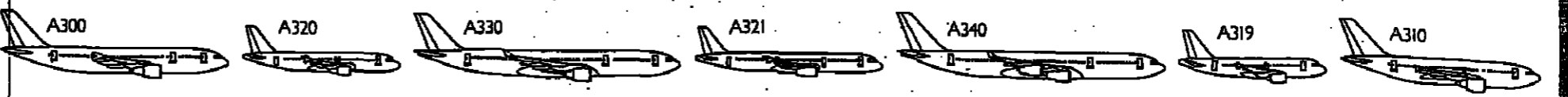
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LETTERS TO THE EDITOR

The Blame for Waco

It is difficult to understand the United States, or at least its press. A fanatical band buys \$200,000 worth of heavy weapons, shoots and kills four law officers, holes up in a fortress for almost two months, all the while threatening death and destruction, and in a remarkable bit of theater, finally immolates itself. This act is then said to be the fault of the president of the United States and of the police, who should have known better than to spray the victims with tear gas.

PAUL de TRACY, Paris.

Of all the "cult experts" newspapers have quoted, not one has offered an alternative course the government might have taken except to wait and see. David Koresh had no intention of coming out or of letting anyone else do so. It is doubtful that, even when the Branch Davidians reached a point of thirst and starvation, they would have surrendered. They either would have died agonizing deaths or set fire to the compound, much as they did when the FBI tried to enter.

There is simply no precedent of such a stand-off being resolved peacefully. The situation with Jim Jones and his followers in Guyana ended with 10 times the loss of life. We need to stop pointing fingers and to learn from this incident through analysis, rather than blame, so that next time (and there is sure to be one) may not end in tragedy.

PAM R. JENOFF, Cambridge, England.

Things Can Change

Regarding "Italy: They Will Clean Up Their Acts, but Probably Not Much" (Opinion, April 23) by Leslie H. Gelb:

It is not that Italy's Christian Democrats or Socialists opposed the wildly successful referendum to eliminate the proportional system and construct an English- or

American-style electoral system. But they had had their chance for months in the parliament's electoral reform commission to effect change sooner.

Too bad that commission accomplished nothing. With its failure, the reformers took it to the people, and won hands down. This has been going on here for a few years: taking it to the people. Two years ago the people voted another fundamental electoral change, eliminating the so-called multiple-preference system, which in effect allowed the Mafia to control who voted for whom in the South. The secret ballot effectively arrived in Italy only two years ago.

Meanwhile, Umberto Bossi, whom Mr. Gelb labels a "Tory demagogue," has become the major political force in the North. He has managed to create not a new coalition but a new party. Mr. Bossi may gesticulate a lot (as do most Italians) but his "preaching," as Mr. Gelb puts it, is about as extreme as that of Bob Dole. His brand of federalism, far less extreme than that guaranteed by the U.S. Constitution, is another example of people power, Italian-style.

Serious changes are occurring here. There is a mentality shift; new, young, active politicians of all flavors; an interest in politics on the part of young people, taxi drivers, junior executives, housewives, all of whom exhibit anything but the attitude of non cambia niente.

JON J. COOPER, Milan.

The Knives Are Out

Regarding "Israel Acts, Jordan Reacts" (Letters, April 16) from El Hassan Bin Talal:

The Jordanian crown prince complains about Israel closing its borders to Palestinian workers from the West Bank and the Gaza Strip, but fails to mention the innumerable stabbings of private Israeli citizens by Palestinians.

BERNARD RICHTER, Los Angeles.

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business



Preparing for a career in business still involves hard work poring over texts in a library, yet students today have access to data networks, personal computers and electronic mail.

education

Tough Market Economy Forces Schools to Change

Pushed by demographics, economic conditions and their corporate clients, business schools in the United States and Europe are in the midst of a remarkable upheaval. Top-ranked and less prestigious institutions alike are re-evaluating and transforming the traditional style of business education as a result of intensified competition both for students and for funds.

Only a few years ago, business schools were sure to be deluged by an ever-growing number of applicants. Deans know that most of their graduates, armed with a solid, classroom-bound mix of finance, marketing and management courses, were certain to enjoy several offers of good-paying jobs.

Vying for students is commonplace

Employment possibilities. And companies have made it clear to business schools that graduates need new skills for the '90s — among them, the ability to handle cultural diversity in the workplace, communicate more effectively and operate in a global environment.

other hands-on activities, under the direction of faculty. The London Business School instituted a re-vamping of its curriculum this year, stressing international awareness and practical problem-solving.

At the Manchester Business School, courses have been added on corporate responsibility and environmental management. Professor Tony Cockerill, head of the school, notes that "the MBA qualification is becoming generic," so schools now must appeal to both potential students and companies on the basis of their unique offerings.

Business, describes the hustling for students, money and faculty as "fierce." In terms of funding for private institutions, he says, the situation has been exacerbated by declining state education budgets, which has increased competition for corporate funds for public and private business schools.

One way that schools are moving to guarantee more stable enrollment patterns is to establish links to companies that provide special MBA programs for their employees. Michigan is setting up such a relationship with Cathay Pacific airlines, and Mrs. Danos believes that eventually up to 40 percent of the MBA class there could be employees of companies partnering with the school.

A decade ago, these intimate ties would have been suspect in the academic business world. That changed, Mr. Danos says, with the recognition that "the old notion — that we could stand off and understand what is going on in business — is what got us in trouble."



Across frontiers: A woman graduate from Beijing studies in Paris for an MBA.

business community keeps saying, "Do this, do that, add this, add that," inevitably, business schools will become very consumer-driven. We will end up stocking the store with all kinds of products. As educators, we have to stand up to business and just say no."

Nevertheless, schools have developed a keen interest in their public image and become more and more conscious of their need to attract students and corporate donors and to help their graduates find jobs. Interest in the media has been fueled by the recent phenomenon of ranking by major American magazines, and more publications plan to jump into that game.

More Women Learn to Make Use of the MBA Weapon

Long seen as the key to business success, Master of Business Administration (MBA) programs have attracted a growing number of women over the past 20 years.

Today, in leading business schools in Europe and the United States, 20 percent and 30 percent respectively of MBA candidates are women.

Rumors have suggested a recent reversal of this trend, but in fact, the proportion of female MBA candidates has remained relatively stable at Stanford University (29 percent, 31 percent and 28 percent over the past three years), at IESE (International Graduate School of Management) in Barcelona (20 percent) and at London Business School (23 percent). But female enrollment at the Anderson Graduate School of Management at the University of California at Los Angeles has dropped from a high of 40 percent in 1985 to approximately 30 percent (the national average). It has declined this year from 20 percent to 17 percent at Cranfield School of Management in Britain.

"We have seen a change in women's pattern of participation, with an increase in enrollment in part-time graduate business programs," notes William Broesamle, president of the Graduate Management Admission Council. Indeed, the number of women studying in the part-time three-year course at Manchester Business School has risen in recent years to 25 percent.

There isn't a plethora of female candidates," admits Patrick Molle, dean of the MBA program at Lyon's Ecole Supérieure de Commerce (25 percent women students). It may be that women lack self-confidence, or a sense of direction. "Sometimes women seem to come in as 'tourists,' without a special career project," says Mr. Molle.

It may also be that they doubt the effectiveness of

Continued on Page 10

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Busy Executives Find Learning In the Office Pays Dividends

In these difficult times, programs for training executives face a combination of tight corporate budgets and crowded executive schedules. This has helped the rise of management training programs held on company premises and sharply focused on a few, carefully defined subjects.

"We haven't cut back on our executive training budget, as we view manager education as being a high-priority investment," states Reinhard F. Leiter, head of central educational services at Allianz Versicherungs-AG, the lead company in Europe's largest insurance group. "What we have done is to

flexible benefits is common to Europe's major companies. Its corollary is an effort to reduce such non-productive costs as expensive executive sojourns on business school campuses.

This results-conscious corporate environment has led Europe's thousand-odd executive education institutes to reshape their curricula and change their ideas about where training should take place. Once restricted to language courses and group dynamics, the range of training programs staged on company premises now comprises all of the 20 program categories listed in Manager Seminar, the authoritative trade quarterly.

Europe's major business schools have joined the rush to provide corporate clients with "partnership programs" (the descrip-

tion of International Institute for Management Development in Lausanne), "company-specific courses" (offered by Fontainebleau-based INSEAD) and "tailored courses" (from the London Business School). The advantages of these programs for companies is obvious: They can adapt proven, general curricula to particular business and management objectives. But they are also proving a help to sometimes hard-pressed business schools.

Flexibly structured timetables are another method developed by leading business schools to accommodate their corporate clients. The University of Hartford Business School in Paris, for instance, splits its programs by venue and season (six months at the Paris campus, summer months in Hartford, Connecticut) and by segments of the day (offering night school classes in Paris and a Hartford-based summer part-time program).

"More case studies and less psychology" is how Dieter Rogala, managing director of Frankfurt-based Charles Barker Corporate Communications, describes the change in management course content. The term "psychology" is a reference to the late 1980s boom in CI (corporate identity) and CC (corporate culture) courses, in which executives spent weeks establishing "common corporate values" and other identity-building elements of the corporate psyche.

Today's courses are more often about such eminently practical subjects as staff expense-account management or how to track sales performance by



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employee and by customer. These courses normally use what is known as CBT (computer-based training) programs, in which the personal computer serves as the "information dissemination agent" and the classroom merely as a "feedback forum."

The suppliers of "Selling Computers to the Computer Industry" and other CBT programs are such multinational media giants as Bertelsmann, which has expanded out of its base in business publishing into management training. The advent of these companies signals the end of the one-man trainer, who used his or her personal charisma, a proven track record of sales success and lots of diagrammatic flip charts

to mobilize "executive energy," "personal power" and other staples of the jargon-ridden past.

Also involved in the CBT field are IBM, Philips and Andri, which are seeking to transform corporate management expertise into a new "profit center." High-powered business services and management consulting companies like Ernst & Young and Price Waterhouse are also flocking to the field. Interestingly enough, the "corporatization" of the management training field is reportedly farthest along in the Netherlands, which has a plethora of large business media companies.

CBT programs are relatively inexpensive and can be used at the manager's

convenience. When plugged into corporate data centers, they offer another advantage. Many advanced programs now integrate actual operating data into the simulation of various decision-making processes and their probable consequences. The coupling of interactive video technologies with on-line streams of data permits managers to explore several different avenues of action within a short period of time.

There is one sector that is safe from the CBT invasion. It is called IPR — "interpersonal relationships." Courses teach managers, among other things, how to overcome a "career-caused inability to bond."

Terry Swartzberg

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concentrate our finite executive education budget on upgrading the core skills of pivotal persons."

These core skills, as Mr. Leiter explains, include the cultivation of customer relations and the implementation of sales strategies — "items which have a demonstrable impact on the bottom line," he says.

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More Women Use the MBA Weapon

Continued from Page 9,

an MBA in helping them gain career advancement in a still-discriminating workplace: although women account for about 45 percent of the labor force in business areas, only about 2 percent or 3 percent are senior executives (6.2 percent in Britain) in Europe and the United States — among the most "liberal" business environments.

Some schools are mak-

ing special efforts to attract women by proposing special scholarships or counseling. Manchester Business School offers two £15,000 (\$23,610) "Women in Management" scholarships each year. The Fontainebleau-based INSEAD (Institut Européen d'Administration des Affaires) offers a full-tuition scholarship sponsored by Arthur Andersen and Cosmopolitan magazine to an Englishwoman and a \$10,000 "Cartier" scholar-

ship to an American woman. UCLA's Anderson School of Management features two fellowships targeted at women, and nine of Stanford Graduate School of Business's over-200 fellowships also give preference to women. But many American schools explain that equal opportunity policies prohibit them from offering gender-specific financial aid packages.

Surprisingly, few schools feature tailor-made courses, such as the "Women in Management" elective at Cranfield (offered in both the full-time and executive MBA programs), which includes topics such as political skills, networking and the importance of image. While not gender-specific, the "Managing Diversity" elective at London Business School does deal with male/female issues, dual-career families and working in international careers.

More schools, such as UCLA, Stanford, London

Business School and Cranfield, host women's student groups or student-alumnae networks. There, guest speakers, workshops and general support help women to understand the difficulties and challenges awaiting them in the workplace, as well as to overcome barriers to promotion — that infamous "glass ceiling" beyond which they can rarely hope to proceed.

Clearly, much remains to be done by European and American business schools to provide women with the psychological and financial incentive to pursue a graduate degree. Emma Douglas, the first winner of Manchester Business School's "Guardian" scholarship for women, says she couldn't have obtained her new job as a product development manager for a financial services company without an MBA. "It shows commitment to a career," she explains. "An MBA gives women an edge in a competitive job market."

Romy Joyce

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NYSE

Wednesday's Closing
Tables reflect the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	High	Low	Latest	Chg
120	115	IBM	4.00	3.8	12.5	120	115	118	+3
100	95	Microsoft	0.00	0.0	15.0	100	95	98	+3
80	75	Apple	0.00	0.0	18.0	80	75	78	+3
60	55	Oracle	0.00	0.0	20.0	60	55	58	+3
40	35	Novartis	0.50	4.0	10.0	40	35	38	+3
30	25	Merck	0.75	3.5	11.0	30	25	28	+3
20	15	Johnson & Johnson	1.00	3.0	12.0	20	15	18	+3
15	10	Pfizer	0.50	3.0	10.0	15	10	13	+3
10	5	Amgen	0.25	3.0	10.0	10	5	8	+3
5	0	Boeing	0.00	0.0	15.0	5	0	2	+3
5	0	Continental	0.00	0.0	15.0	5	0	2	+3

BOEING: Continental Places Big Plane Order

(Continued from page 1)

next year, the orders should provide a boost for Boeing stock in the next few weeks, he said. Delivery of 737s is scheduled to begin in January and is to stretch through 1997. The airline said it has options for 50 additional 737s.

The 757s are scheduled to begin arriving at the airline in May 1994, with 25 of the planes slated to be delivered in 1997. Continental holds options for 25 more 757s.

Continental's 12 767s are to start arriving in January 1995, and stretch through 1999. Continental also has options for 18 767s. Delivery of the five 777s will run from August 1997 to April 1998, and the airline holds options for another five of the new jets.

Neil Walker, a Continental spokesman, said some of the planes would be purchased outright and others would be leased. "The exact ratio hasn't been determined," he said.

He refused to comment on reports that General Electric Capital Corp. would lend the airline between \$750 million and \$850 million for the purchases, and that Boeing and Rolls-Royce PLC would provide financing. Boeing also refused to comment on financing arrangements.

While the orders are good news for Boeing, "the bad news is that Continental has to pay for them," Mr. Aseritis said. "How much money does GE put down, and how much does Boeing put down?"

Continental's emergence from bankruptcy

last month was supported by a \$450 million investment from Air Canada and Air Partners LP and \$160 million borrowed from GE Capital.

"My sense is the more robust the delivery schedule in terms of front loading, the more trouble Continental will have paying for it," Mr. Aseritis said. "Continental's not like GE walking out there and saying: 'I want to buy 100 airplanes and here's the cash.'"

The new jets' lower maintenance, fuel and labor costs are expected to save Continental nearly \$300 million a year, said Robert R. Ferguson III, Continental president and chief executive. He said the savings will more than pay for the new jets.

For Boeing, perhaps the brightest part of the announcement for it is that it actually has orders to announce. "It's better to get orders than to have them canceled," Mr. Aseritis said.

The plane maker has been hit with major cancellations in the last six months, most notably from the Irish leasing company GPA Group Ltd. and United Airlines. The cancellations have also hit competitors Airbus and McDonnell Douglas Corp., triggered by a worldwide airline recession brought on by persistent fare wars and declining passenger traffic.

Last month, Boeing said it expects 1993 sales to be about \$26 billion, down from \$30.2 billion in 1992.

Boeing said its 1993 orders now total 107 planes valued at \$6.5 billion.

(Bloomberg, AP, NYT, UP)

12 Month High	Low	Stock	Div	Yld	PE	High	Low	Latest	Chg
120	115	IBM	4.00	3.8	12.5	120	115	118	+3
100	95	Microsoft	0.00	0.0	15.0	100	95	98	+3
80	75	Apple	0.00	0.0	18.0	80	75	78	+3
60	55	Oracle	0.00	0.0	20.0	60	55	58	+3
40	35	Novartis	0.50	4.0	10.0	40	35	38	+3
30	25	Merck	0.75	3.5	11.0	30	25	28	+3
20	15	Johnson & Johnson	1.00	3.0	12.0	20	15	18	+3
15	10	Pfizer	0.50	3.0	10.0	15	10	13	+3
10	5	Amgen	0.25	3.0	10.0	10	5	8	+3
5	0	Boeing	0.00	0.0	15.0	5	0	2	+3
5	0	Continental	0.00	0.0	15.0	5	0	2	+3

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10	5	Amgen	0.25	3.0	10.0	10	5	8	+3
5	0	Boeing	0.00	0.0	15.0	5	0	2	+3
5	0	Continental	0.00	0.0	15.0	5	0	2	+3

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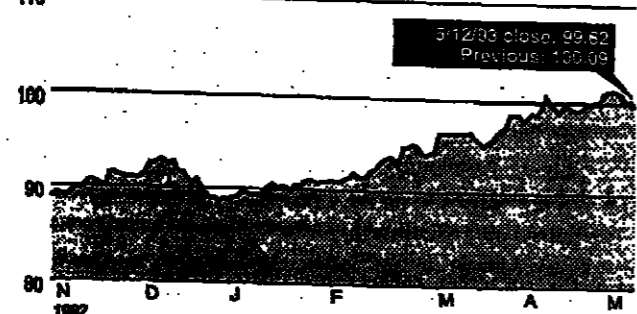
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THE TRIB INDEX: 99.62

International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Region	Approx. weighting	Close	Prev.	% Change
Asia/Pacific	25%	108.47	111.30	-2.5%
Europe	40%	97.54	97.16	+0.4%
N. America	35%	93.41	93.64	-0.2%

Industrial Sector	Close	Prev.	% Change
Energy	101.00	100.27	+0.8%
Utilities	108.21	109.50	-1.2%
Finance	100.78	102.04	-1.2%
Services	108.94	108.44	+0.5%
Capital Goods	98.42	98.77	-0.3%
Raw Materials	100.94	100.56	+0.3%
Consumer Goods	98.81	98.42	+0.4%
Manufacturing	103.38	102.84	+0.5%

Grabbing a CD From the Wire

IBM and Blockbuster Have a Vision of Entertainment

NEW YORK — Computer technology has turned its hungry gaze on a pair of well-known institutions: the record store and the video shop.

A bold vision of the future of entertainment retailing, just announced by IBM and Blockbuster Entertainment, could do away with sprawling stores, aisles and aisles of offerings, and back rooms loaded with piles of inventory — be it the latest Michael Jackson recordings, Arnold Schwarzenegger video releases or Nintendo games.

In a few years, even a small-town record shop might offer all the titles of the biggest big-city megastore — not on hand, but summoned from the digital files of big computers thousands of miles away, traveling as electronic impulses to machines in the store that copy recordings or movies on blank CDs or videocassettes.

International Business Machines Corp. and Blockbuster Entertainment Corp. announced Tuesday a partnership to jointly pursue this vision. The computer giant and the entertainment retailer will work on developing the new distribution technology for use in-house by Blockbuster, which has nearly 3,500 video and music stores. The technology would also be sold to other retailers.

The concept, analysts say, has several advantages over current methods for putting recorded entertainment into consumers' hands, eyes and ears. For retailers, it could eliminate the costs of shipping and inventory and avoid the lost sales or rental revenues when popular offerings are out of stock.

"It could well change the economics of retailing for record stores and video rental

shops," said Tom Adams, an analyst for Paul Kagan & Associates, a research firm.

For consumers, the concept promises almost unlimited availability and diversity. "If a 7-year-old comes in on a Friday night and wants the latest hot video game, the chances are high now that it's sold out," said David Lundem, vice president of Blockbuster's technology division. "But with this system, it's never sold out — you can get another one electronically in a couple of minutes."

Despite its promise, however, the new tech-

ology faces some formidable obstacles. The new company formed by IBM and Blockbuster to run the system, Fairway Technology Associates, must negotiate with record companies, movie studios and game makers for the rights to sell their wares.

Sony Music, for one, gave the IBM-Blockbuster venture a chilly reception. In a brief statement Tuesday, Sony said it was not supporting the new system, indicating concerns about economic distribution of its recordings.

"Commercial copying is illegal, and it's not clear to Sony Music what benefit consumers would derive from in-store copying," the company said, though it added that it was "confident" that IBM and Blockbuster

"would not engage in commercial piracy."

In its statement, Sony said it had not been contacted by either IBM or Blockbuster.

Meanwhile, the U.S. recording industry, which must provide the music, remains skeptical. Executives say that the current system works well, and they worry that their own costly factories would be rendered obsolete.

"This is an incredible technology — very, very interesting," said Jay Berman, president of the Recording Industry Association of America. But he said that most record companies did not need a new distribution channel for their mainstream business.

"The music industry is very healthy right now," said Jordan Rost, marketing vice president for Warner Music Group Inc., which has such labels as Atlantic and Elektra. The industry would be "all ears" if IBM and Blockbuster could demonstrate a real benefit, but Mr. Rost said his company had yet to hear directly from them.

Music stores have mixed feelings as well. Some worry that the technology ultimately might put them out of business, if it became cheap enough for people to install in their homes.

Matthew Owen, general manager of the record department at the Washington area's Olsson's Books & Records chain, said he would want such a system to get out-of-print classical titles. But for mass-market music, he saw little use.

One reason is that Mr. Owen doubted that the cover and liner notes, which remain key to consumers' buying decisions, would be as attractive and well printed as they are now.

Kodak Promises a Broad Restructuring

FORT LAUDERDALE, Fla. — Eastman Kodak Co.'s chairman, Kay R. Whitmore, outlined for shareholders Wednesday an overhaul of the company that he said would lead to record earnings per share.

In a speech that opened the annual meeting, Mr. Whitmore said cash flow of \$1 billion, once mentioned as a goal for this year, was "a fraction of what we now intend."

"We are a large, complex, technically sophisticated company," he told about 600 shareholders. "We expect as we go forward we will be less large and less complex."

Kodak's earnings have lagged since a 1988 peak of \$1.4 billion. Mr. Whitmore said the company would cut research and capital costs and create a finance commit-

tee of the board made up of directors who are not Kodak employees. He did not give details of the proposed cuts.

"There's an immense sense of urgency in myself and senior management," he said, "and we will deliver."

Mr. Whitmore reiterated that the world's largest photographic-paper and film maker would submit a strategic plan to its committee of independent directors by September that was aimed at cutting debt and increasing cash flow. The plan could include actions such as divestitures, sales of assets, sharing technology with others and changing products, Mr. Whitmore said.

Kodak said in a statement that the plan would also include a review that "likely will lead to major changes in the asset base."

Albert Turner, an analyst at Duff & Phelps in Chicago, said the company had many options for the asset sale that was expected to take place by September. "You could say that photography stays and anything else is up for question," Mr. Turner said.

The most likely candidates could include the copier business, chemical business, or part of Sterling Drug, which Kodak bought in 1988 for \$5.1 billion.

Nicholas Heymann, an analyst at NatWest Securities Corp. said the company had plenty of room to cut research-and-development costs, administrative costs and to lower debt.

Selling general and administrative costs amount to almost 30 percent of sales. Cutting them to

Producer Prices Stir Worry Over U.S. Inflation

WASHINGTON — Prices paid to U.S. factories, farmers and other producers rose an unexpected 0.6 percent in April, the government reported Wednesday, igniting concern about a resurgence of inflation.

The gain in producer prices was the biggest in more than two years, and brought the annual rate of inflation at the producer level up to 4.7 percent for the first four months of the year, a Labor Department spokeswoman said. That was double the year-earlier rate.

A 44.7 percent jump in wholesale vegetable prices fueled the big increase in the April producer-price index. Food supplies were disrupted by violent winter storms in March, a government analyst said.

The overall rise, the largest since a 1 percent gain in October 1990, suggests the economy is susceptible to sudden increases in inflation, analysts said, although they added that a prolonged bout of higher prices was unlikely.

"Attempts to clear excess inventories should keep prices soft" in the months ahead, economist Mickey Levy and Brian Keyser at CRT Government Securities in New York said in a forecast report.

Still, inflation is "something we need to keep an eye on," said Marco Babio, an economist at Evans Economics in Washington, but "it's not runaway at this point."

In Princeton, New Jersey, Stone & McCarthy Research Associates said the report provided "a dose of reality."

"As the economy strengthens,

we're going to see companies raise prices," said Cynthia Latta, an economist at DRJ/McGraw-Hill in Lexington, Massachusetts. "They've had to swallow a lot of price increases over the last few years without passing them on to consumers," because unemployment was on the rise and people were postponing purchases, Ms. Latta said.

U.S. Treasury bond yields rose after the report was released. The inflation news came shortly before the U.S. Treasury's scheduled auction of \$10.75 billion in 10-year notes, the second leg in its quarterly refunding effort. The bonds closed when-issued trading with a yield of 5.94 percent.

Administration officials counseled calm. The White House spokeswoman, Dee Dee Myers, said the chairman of the Federal Reserve Board, Alan Greenspan, has assured the president that inflation was not a serious threat. "The news on inflation is good," Ms. Myers said.

The sharp jump in the producer-price index prompted a number of analysts to raise their forecasts a notch for the April consumer-price index report, which is due on Thursday.

Steve Wood, an economist at Bank of America in San Francisco, said the rise in the food component of producer prices spurred him to change his estimate for the overall consumer-price index rate to up 0.4 percent from 0.2 percent.

(Bloomberg, Knight-Ridder, Reuters)

Businesses Bide Time, Slowing U.S. Recovery

By Sylvia Nasar

New York Times Service

NEW YORK — As economic growth has slowed in recent months, U.S. business executives have exhibited signs of nervousness. Many have scaled back expansion plans, put hiring on the back burner and held down capital spending.

The uncertainty in Washington is clearly one reason for the hesitation. But even as executives keep one eye on Congress and another on the White House, many say their caution comes as much from their own modest order books and economic forecasts as from the political outlook. This wariness comes at a stage in the business cycle when attitudes normally turn more ebullient and is likely to help turn predictions for only moderate growth into reality.

"We quite frankly are waiting to see," said Allen I. Questrom, chairman and chief executive of Federated Department Stores. "We are trying to understand where it's all going. We're just not seeing a lot of activity. We have to be conservative. There's a sense of uneasiness about the future."

Gerry Saylor, chief economist at Deere & Co., the world's largest farm-equipment company, blamed part of the reluctance of business to

expand on "uncertainty over policy." But he added, "70 percent is explainable by the slow recovery."

Even though most forecasts called for slower growth this year than at the end of 1992, unexpectedly sluggish activity in many economic sectors — from industrial production to retail spending — clearly is taking its own toll on business plans. In March, for example, when the forecasting company Cahners Economics asked 400 business executives in its monthly poll what was holding back expansion plans, more than two-thirds blamed their caution or sluggish economic prospects.

It is a theme voiced by executives in many industries. "We were hoping that the economy would have firmed up more by now than it has," said James Treadway, president of Seattle-based Westin Hotels & Resorts, North America.

Mr. Treadway noted that lodging industry was still slow; digging "out of the hole we found ourselves in after the Gulf War." Instead of building new hotels, he said, Westin was aggressively taking over management of its properties from others.

The Washington scene is also See ECONOMY, Page 15

INTERNATIONAL MANAGER

In the U.S., the MBA May Go the Way of the Yippie

By William G. Clifford

New York Times Service

NEW YORK — After decades of growth so robust that they could just as easily welcome waves of students year after year, business schools have hit hard times as more students wonder whether an MBA is worth the time and expense.

Since 1990, the number of students in business administration has slipped about 3 percent, to 25,000, and no one expects an increase anytime soon.

The number of students taking the Graduate Management Admission Test, the standard business school entrance exam, has fallen even more sharply — 6 percent from 1991 to 1992, with a steeper decline expected this year.

"There's a growing realization that an MBA is not a ticket to the gravy train," said Charles Hickman, director of projects and services for the American Assembly of Collegiate Schools of Business in St. Louis, which accredits graduate schools of business. "Having said that, I'm not ready to write the obituary for MBAs. But the good times are over."

The fortunes of business schools contrast sharply with those of other graduate and professional schools. Although current figures have not yet been compiled, experts who track enrollment patterns say more students are staying in school to wait out the aftereffects of the recession.

Among the major fields of study, only law schools are showing a similar decline in enrollment, although not as pronounced as at business schools.

Business schools are trying new tactics to counter this trend. The University of Texas, for example, established a 24-hour toll-free telephone line this year for prospective students. At Kent State University in Ohio, the business school hired a marketing firm for the first time to produce a glossy brochure promoting its business school. "This is unheard of," said Richard E. Brown, assistant dean for graduate education at Kent State's Graduate School of Management. "Used to be, we'd sit around and let the good students come in. Now you have to identify niches and let people know what you can do for them."

And Mr. Hickman, of the business school accreditation organization, warned that those who failed to adjust to leaner times could find themselves out of business. "It's not going to happen this year," he said. "But it won't take too many years of seeing reductions of 10 percent or so before we begin to see some schools close."

Thai Fire Shows Seamy Side of Growth

BANGKOK — Exit doors were locked to deter employee theft at the toy factory where more than 220 workers died this week, guards said Wednesday, illustrating the seamy side of Thailand's rush for economic growth.

Construction standards, worker safety and the environment have suffered from the pressure to attract foreign capital and deliver meteoric growth.

Police said the fire on Monday at the Kader Industrial (Thailand) Co. toy factory was not caused by an electrical fault, as had been indicated. They said the fire started in a cardboard box and the cause might have been arson or carelessness.

"Evidence has proved the fire began in a box for packaging toys on the ground floor of the factory and not from an electrical fault as claimed," said Lieutenant General Prasarn Yongyong of the police, who is chief of the Office of Scientific Crime.

Chariya Kongsangma, one of 28 security guards hired by Strongman Co. to work in the factory, said Kader ordered one of two exits on each floor locked after the last worker entered the building in the morning.

"This is not our fault," she said. "We did everything according to company regulations." At least 182 of the bodies were found at the one staircase accessible to the unlocked exits after the four-story building collapsed.

Workers from the factory told rescuers that factory supervisors met them at the open staircase and tried to block them from fleeing. "They stopped the workers from fleeing and threatened to fire those who did not obey," said Pongpan Measpan, a police officer overseeing the rescue workers.

Hundreds of workers were forced to jump from the third and fourth stories when they realized a door was locked. Of the 516 people hospitalized, most suffered from broken bones from jumping to the ground, doctors said. Nearly 400 remain in the hospital.

Kader executives told local television interviewers they had complied with government See FIRE, Page 15

Taipei Bank Chief Says He'll Hold Line on Rates

By Kevin Murphy

International Herald Tribune

TAIPEI — On the eve of discussions with politicians and powerful business leaders pushing him to cut interest rates, the governor of Taiwan's Central Bank of China, Samuel Shieh, said Wednesday he was unlikely to meet their requests for the time being.

"We are comfortable with the discount rate, we will not adjust it for the moment," said Mr. Shieh, who is expected to announce his verdict on whether to increase liquidity in Taiwan's financial system by Friday. "The reserve re-

quirement we will also maintain for the moment."

Judging from his comments, Mr. Shieh appears instead to favor an increase in the portion of the 1.5 trillion Taiwan dollars (\$59 billion) in total post-system deposits the central bank will allow to flow into the country's commercial-banking system.

His decision is widely awaited, because Taiwan capital has been a major force in economic expansion in much of Asia, especially China, Vietnam and the Philippines. However, analysts said Mr. Shieh was concerned about capital flows from Taiwan to China, and was there-

fore not anxious to lower interest rates and make Taiwan investments less attractive.

In Taiwan, a sleepy stock market and business interest hoping to refinance debt-heavy balance sheets have urged a cut in the discount rate — the price the central bank charges domestic banks for funds — from its current 5.625 percent to a level more in step with Japan and the United States, Taiwan's largest trading partners.

"He's under a lot of pressure," said Andy Clark, an analyst with James Capel Taiwan Ltd. "But he's not someone who's all that susceptible to it."

Mr. Shieh said "advice" from Washington to appreciate the currency is "over," removing one obstacle to lowering rates.

However, the need to finance an enormous national infrastructure-development program, expected to cost \$300 billion; a longstanding concern about inflation; and the Taiwan government's worries about a mainland China-bound investment flow that may have reached \$10 billion mitigate against a rate cut.

"The central bank's first priority is price stability," said Mr. Shieh. "Private-sector liquidity is still high, the money supply grew at 17

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Dividend Payment

At the Annual General Meeting of Shareholders held in Luxembourg on May 12, 1993, it was resolved that a dividend of US\$ 2.25 per common share be payable for the year 1992. The dividend in respect of bearer shares will be payable from May 31, 1993 upon surrender of coupon No. 5 at the counters of the Company's paying agent:

Republic National Bank of New York (Suisse) S.A., Geneva
Republic National Bank of New York (Luxembourg) S.A., Luxembourg
Republic National Bank of New York, London
Union Bank of Switzerland, Zurich
Union Bank of Switzerland, Luxembourg
Swiss Bank Corporation, Basel
Credit Suisse, Zurich.

CURRENCY & INTEREST RATES

Currency	Close	Prev.	Change
Australian \$	1.06	1.05	+0.01
British £	1.62	1.61	+0.01
Canadian \$	0.72	0.71	+0.01
French F	166.50	166.40	+0.10
German M	1.54	1.53	+0.01
Japanese ¥	160.00	159.50	+0.50
Swiss S	1.48	1.47	+0.01
U.S. Dollar	100.00	100.00	0.00

Instrument	Rate
3-month T-bill	5.50%
6-month T-bill	5.75%
1-year T-bill	6.00%
3-month Eurodollar	6.50%
6-month Eurodollar	6.75%
1-year Eurodollar	7.00%

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Dow Hits Record As Bonds Tumble

NEW YORK — The Dow Jones industrial average rose to a record high in a mixed stock market Wednesday as investors sought the security of blue-chip equities.

The Dow rose 13.56 points, to 3,482.31, surpassing the previous record of 3,478.61 set April 16. But declining issues outnumbered advances on the New York Stock Exchange by a 9-to-8 ratio.

Today's market proves there's still a lot of money out there looking to move into the stock market, said Anthony Conroy, head of capital markets at Mabon Securities Inc.

Treasury bonds slumped on news suggesting a jump in the inflation rate. The government said April producer prices rose 0.6 percent, the fastest rate in two years.

Oil stocks and gold-mining issues were notable gains, with the stock market, possibly indicating investor fears about inflation.

Nonetheless, credit-market yields remain relatively low. At its quarterly refinancing operation, the Treasury said yields on 10-year notes slid to an average 5.96 per-

cent, a record low. The government sold \$10.76 billion of the notes.

On the New York Stock Exchange, RJR Nabisco Holdings was the most-active issue, unchanged at \$50. A judge in Mississippi ruled that cigarettes were for human consumption, but analysts said it was unlikely the decision would set a precedent for liability cases.

Wal-Mart Stores was second on the active list, up 1/2 to 26 1/2. Chevron was up 1/4 to 87 1/2 after it increased its crude-oil reserves by 35 percent to account for its Tengiz field in Kazakhstan.

Xerox was up 2 1/2 to 76 1/2 after saying its Palo Alto Research Center had developed a digital writing technology to produce engineering documents.

Echo Bay Mines led the American Stock Exchange active, rising 1 1/2 to 10 1/2. Gold rose \$4.50 an ounce, with the June contract on the Commodity Exchange ending at \$361.80.

Intel was the most-active over-the-counter issue, down 1 1/2 to 98. A published report said five suits were filed against it for allegedly wrongful actions by executives, directors and financial advisers that caused volatility in its stock price.

The shares reached a 52-week high of 121 1/2 on March 16. (UPI, Knight-Ridder, Bloomberg)

The Dow

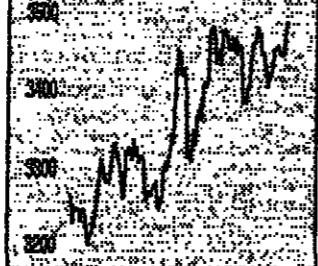


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Dow Jones Average

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EUROPEAN FUTURES

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Industrials

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Turner Loss After Accounting Change

ATLANTA (AP) — An accounting change turned a profit into a loss for Turner Broadcasting System Inc., which reported Wednesday it had a deficit of \$286 million, or \$1.08 a share, in its first quarter.

The loss resulted from the company's adoption of new financial-accounting standards for income tax. Otherwise, the media and sports company said it would have posted earnings of \$20 million, or 8 cents a share, in the January-March quarter.

In the same period last year, TBS reported a profit of \$1 million and broke even on a per-share basis. Revenue for the latest quarter was \$398 million, compared with \$365 million in the same three months last year.

The company posted revenue gains in all its divisions except syndication and licensing, which declined from \$54.5 million last year to \$50.3 million.

Tele-Communications in Fox Deal

ENGLEWOOD, Colorado (Reuters) — News Corp.'s Fox Inc. unit and Tele-Communications Inc. said Wednesday they were forming a new cable-television service.

News Corp.'s chief executive, Rupert Murdoch, said he expected the channel to be profitable in about two-and-a-half years, "depending on our success in rolling it out." He said that the service, which will be provided in Fox's basic cable programming service and distributed by Tele-Communications, needed to reach 40 million homes to break even.

Tele-Communications has 10 million cable customers. As part of the arrangement, Fox will give its consent to Tele-Communications for retransmission of Fox-owned and -operated stations' broadcast signals.

REITs Raised \$1.72 Billion in Quarter

WASHINGTON (Bloomberg) — Real estate investment trusts raised \$1.72 billion of capital in the first quarter, putting the industry on pace to exceed last year's record of \$6.6 billion, the National Association of Real Estate Investment Trusts said Wednesday.

The national trade association said five REIT initial public offerings during the quarter raised \$541.5 million; 12 secondary stock sales raised \$830.4 million, and five bond offerings raised \$347.5 million.

The association also said during the first quarter that 16 recently formed or existing REITs made more than 56 real estate purchases at a total cost of \$447.4 million. By comparison, in the fourth quarter of 1992, REITs bought 150 properties at a cost of more than \$770 million.

The total dollar amount of acquisitions in 1992 equaled \$1.9 billion.

Nymex Lifts Comex Bid \$10 Million

NEW YORK (Bloomberg) — The New York Mercantile Exchange increased its bid for the Commodity Exchange on Wednesday to \$20 million from \$10 million, in an effort to appease Comex traders.

Comex traders think the world's largest precious-metals market is worth at least \$60 million. Negotiations are continuing.

The Nymex offer appears more viable than past offers, including one from the Chicago Board of Trade that was withdrawn on April 20, traders said. Unlike the CBOT offer, and a similar one from the Coffee, Sugar & Cocoa Exchange, the Nymex offer promises to pay Comex members cash up front. Traders are also more enthusiastic about merging with the Nymex because it is housed in the same building.

Daimler-Benz AG's unit Mercedes-Benz AG said it had formed Mercedes-Benz Project Inc., a Delaware-based company, which will be responsible for setting up Mercedes-Benz's passenger-vehicle manufacturing operations in the United States.

European Rate Cuts Give Dollar a Boost

NEW YORK — European interest-rate cuts gave traders reason to buy dollars Wednesday, especially after inflation data made U.S. rates unlikely to decline.

The dollar rose to 1.6105 Deutsche marks from 1.6085 on Tuesday, and it gained to 111.535 yen from 111.400.

The Bundesbank lowered monetary-market rates on Wednesday, and the American, Belgian and Dutch central banks reduced their official lending rates.

"The rate cuts in Europe helped push the dollar higher today," said Paul Farrell, chief dealer at Chase Manhattan Bank.

Meanwhile, the U.S. government said wholesale prices rose an unexpected 0.6 percent in April, the biggest gain in two years. That sign of accelerating inflation makes it unlikely the Federal Reserve Board will push down American interest rates.

Reflecting the worries about inflation, gold prices rose. Gold for June delivery gained \$4.50 an ounce, to \$361.80. Other precious metals were also higher, with silver or May delivery gaining 12 cents,

to \$4.371 an ounce and July platinum up \$3.50 to \$385.50.

Signs that some European central banks would raise rates for Deutsche marks capped the dollar's gains today, traders said. The Bundesbank and others were said to be buying marks in preparation for a defense of the Spanish peseta, which has stumbled recently.

European central banks will need marks to sell for pesetas should the Spanish currency threaten to tumble out of the European Community's exchange-rate mechanism, said John Nelson, chief dealer at Barclays Bank in New York.

The dollar rose to 118.65 pesetas from 117.98, while advancing to 1.4619 Swiss francs from 1.4580 and to 5.4300 French francs from 5.4235.

The U.S. currency also strengthened against the pound, which fell to \$1.5340 from \$1.5410. Analysts in London noted the pound, which rallied Tuesday, dipped on some uncertainty about the future of Norman Lamont, chancellor of the Exchequer, and whether the ruling Conservative Party might cut interest rates to boost its popularity.

(Bloomberg, UPI)

Prague Ends Freeze on Shares

PRAGUE — The Czech government on Wednesday opened the way to the development of full-fledged capital markets by ending a freeze on the transfer of privatization shares to Slovak citizens.

"The government decided to issue shares to all shareholders and privatization funds," Prime Minister Vaclav Klaus said. "The government approved this by a majority."

The freeze, announced on March 17, severely strained relations between the Czech and Slovak republics. Slovak individuals and institutional investors had bought about 22 million shares in Czech companies under a voucher privatization program that ended just before partition.

WORLD STOCK MARKETS

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For investment information read THE MONEY REPORT every Saturday in the IHT

U.S. FUTURES

Table with columns: Index, High, Low, Last, Chg. for U.S. Futures.

U.S. / AT THE CLOSE

Table with columns: Index, High, Low, Last, Chg. for U.S. / AT THE CLOSE.

Large advertisement on the right side of the page with text like 'Point Cut East', 'Public Safety Is Exp', and 'look at'.

Japan's Economy Still Sputters

Report Mentions Recovery but Signs Remain Mixed

Bloomberg Business News
TOKYO — Japanese businesses, which have been waiting since early spring for an economic recovery, were told Wednesday that they will have to wait longer.
Despite a spate of upbeat economic news since the beginning of the year, and a report Wednesday that used the word "recovery" for the first time in nearly six years, the governor of the Bank of Japan, Yasushi Mieno, told reporters that private consumption remained weak and corporations were holding back on investment. Government officials and private economists say a recovery in these two areas of the economy will not happen until at least the second half of the year.
"It's too early to say the economy has hit bottom," said Adrian Tschoegele, Swiss Bank's economist in Tokyo.
Some of those auguries were contained in the Economic Planning Agency's monthly report. The agency, which is in charge of presenting the government's official line, said that "some signs of recovery are emerging in the nation's economy," the first time the report had mentioned recovery since August 1987.

"These signs of recovery are not seen as short-lived and we think they suggest the economy is improving," said Takao Komine, an official of the agency.
For example, housing starts in March rose 9.2 percent from a year earlier, following a 6.3 percent increase in February. March sales of condominiums have been particularly brisk, up 8.6 percent from a year earlier, the report said.
Industrial production grew for the second consecutive month on month on a seasonally adjusted basis, up 0.5 percent in March from a year earlier. Industrial shipments rose 1.6 percent on the month in March, recording the third straight month of increase.
However, private consumption and capital investment have remained sluggish, the report said. Mr. Komine pointed to auto-sales figures. Sales including small-sized vehicles dropped 9.5 percent on year in April after recording a 3.3 percent increase in March, the first increase over the previous 24 months.
Surveying the conflicting government pronouncements, many private economists say there is still more bad news than good. Mike

Naldrett, an economist in Tokyo for Kleinwort Benson, said there were several necessary preconditions for a recovery that need to be met.
Corporations have yet to bring their costs in line with dwindling revenue amid the global economic slowdown, Mr. Naldrett said in a report released at the end of April.
Over the next two weeks, the balance of publicly listed Japanese corporations are scheduled to release earnings, and profits are forecast to fall by an average of 28.4 percent — the third consecutive year of declining profits.
The stock market is bracing for the stream of corporate bad news. After rallying for weeks on government efforts to support prices, the benchmark Nikkei average has fallen for the past three days.
Mr. Mieno said the problem loans would not keep banks from fueling a recovery with new loans when the economy does turn around. But the governor was reserved in answering questions about the prospects for recovery. "Right now the economic outlook is rather spotty," Mr. Mieno said.

News Corp. Emerges From Turnaround With Jump in Net

Compiled by Our Staff From Dispatches
SYDNEY — Rupert Murdoch's News Corp. capped a remarkable two-year turnaround by reporting Wednesday a 133 percent surge in third-quarter aftertax profit, to 190.7 million Australian dollars (\$134.1 million).
The media concern said profit shot up largely because of improved results from its newspaper, magazine, television and free-standing insert units.
A dramatic lift in earnings from its associated companies, the British-based BSkyB satellite-television business and the Australian airline and transport group Ansett Transport Industries, also contributed to the jump in profit, News Corp. said.
The company said per-share earnings in the third quarter rose to 11 Australian cents from 5 cents a year earlier. For the nine months, those earnings were up to 38 cents from 32 cents.
For the nine months ended March 31, News Corp. said, aftertax profit rose 47 percent to 643.5 million dollars.
Investors flocked to News Corp. stock on the announcement. The stock price surged 29 Australian cents to 7.72 dollars.
News Corp., owned 43 percent by Mr. Murdoch, was near bankruptcy two years ago. Asset sales, capital-raising and aggressive cost controls have saved the company's debt by more than one-third and paved the way for profit growth over the last two years.
The latest results pave the way for the media company to post a 1 billion dollar profit for the full year, said Brad Orgill, who follows News Corp. for Potter Warburg. He predicts News Corp. will make a profit of 977 million dollars in the year ended June 30. "Being that close they'll probably push themselves over the 1 billion dollar line," Mr. Orgill said.
Mr. Orgill said there were no surprises in Wednesday's results.
Revenue in the third quarter was up 4 percent at 2.6 billion dollars, and rose 3 percent in the first nine months to 8 billion dollars.
Lower earnings in the group's movie and book publishing arms were offset by gains in other businesses.
"Profits at Twentieth Century-Fox Film Corp. were off significantly," News Corp. said.
The company did not break down the figures for individual business units in its quarterly results release. (Bloomberg, Reuters)

Investor's Asia

Exchange	Index	Wednesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	7,002.60	6,841.97	+2.35
Singapore	Straits Times	1,828.58	1,794.04	+1.93
Sydney	All Ordinaries	20,615.29	20,940.37	-1.55
Tokyo	Nikkei 225	712.67	710.55	+0.30
Kuala Lumpur	Composite	865.85	850.35	+1.80
Bangkok	SET	700.06	701.96	-0.18
Seoul	Composite Stock	4,718.23	4,678.51	+0.85
Taipei	Weighted Price	1,605.71	1,607.61	-0.12
Manila	Composite	319.12	316.41	+0.86
Jakarta	Stock Index	1,581.78	1,565.59	+1.03
New Zealand	NZSE-40	1,037.30	1,039.50	-0.21
Bombay	National Index			

Sources: Reuters, AFP
International Herald Tribune

Shanghai Petrochemical Delays Listing

Bloomberg Business News
HONG KONG — Throwing cold water on the great expectations surrounding listings of shares by state-run Chinese companies directly in Hong Kong, Shanghai Petrochemical said Wednesday it probably would not list this year.
The biggest of the nine state-run companies chosen to list, Shanghai Petrochemical was chosen by the Chinese central government as the first to list because of its sheer size: 72,000 employees and 14 square miles (36.4 square kilometers) of factories, housing and hospitals outside Shanghai.
Shanghai Petrochemical embodied all of China's hopes that big, inefficient state companies could rise from the ashes and transform themselves into lean corporations in which foreigners would want to invest. Those hopes may have been misplaced.
"It's tough to swallow when someone tells you that 80 percent of your company is not useful," said Norman Li, director at Smith New Court (Far East). "But that's what merchant bankers told Shanghai Petrochemical. The Chi-

nese company wasn't expecting such a harsh reaction."
What is clear is that Shanghai Petrochemical grossly underestimated how hard turning a monopoly into a corporation would be.
Shanghai Petrochemical had made plans to split its plants into three divisions. The first would focus on the core business of petrochemical production and employ about half of the 72,000 employees, said analysts close to the company who declined to be further identified.
That portion of the company would list in Hong Kong and on the Shanghai A-share market, they said.
The second division would be responsible for social-welfare operations, including schools and hospitals, which would be run by local officials. The third section, which would pick up all the remaining pieces including property development and transportation, would remain a state-owned company, they added.
Naturally, workers at the plant did not take kindly to being divided into the haves and have-nots. Only employees working in the listed part of the company would enjoy the bonuses, divi-

dends and profits that flotation would bring. The other half of the workers would remain state employees, and that prospect led to dissension.
"There was a virtual rebellion by the staff since just over half of them were going to be left out," said Andrew Bell, director of South China Capital Ltd. "The fundamental problem is, how do you maintain a social enterprise after it is listed? The way Shanghai Petrochemical was going to do it left a lot of unhappy employees."
"Listing some of these companies is tantamount to listing a community," said Julia Charlton, partner at the Stephenson, Harwood & Lo law firm in Hong Kong.
Analysts say three of the companies vying for a listing are certain to make the Hong Kong board this year. Most of the nine will be listed next year, they said.
Analysts expect Guangzhou Shipyard or Beijing Renmin Machinery to be neck-and-neck for the first listing. Guangzhou Shipyard's flotation is likely to be about 130 million Hong Kong dollars (\$16.8 million). Beijing Renmin is likely to place 100 million dollars' worth of shares.

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Hang Seng Tops 7,000

Reuters
HONG KONG — The Hang Seng index smashed the 7,000-point barrier on Wednesday as investors celebrated the first Chinese-British agreement on Hong Kong since a dispute flared up last year over the colony's democratic reforms.
The stock market brushed aside new warning signs of trade friction between China and the United States, and the blue-chip index jumped 160.63 points, or 2.35 percent, to close at a record 7,002.60.
Tuesday's long-awaited agreement by the Sino-British Land Commission on Hong Kong government land sales powered the market past 7,000 points for the first time ever, brokers said.
Investors seemed to ignore that the deal was only a minor breakthrough.

Singapore Seeks Power Plant Bids

Bloomberg Business News
SINGAPORE — The government of Singapore said Wednesday it would solicit bids to build a massive oil and natural-gas power plant at Singapore's western end late next year. The project will cost an estimated \$8 billion, it said.
The government-owned power station will have a total generating capacity of 4,800 megawatts a day

when the plant is fully operational in the year 2005, power officials said. The four existing power plants together supply 4,500 megawatts of electricity a day.
Two of the four existing plants will be taken out of operation by early in the next century, the officials said. The new plant is needed to meet Singapore's projected electricity needs of 5,500 megawatts in the year 2002, they said. Needs be-

yond that date were not projected.
The first phase of the proposed power station at Tuas, at the western end of the main island, will use only low-sulfur fuel oil for electric-power generation, an official of the Public Utilities Board said.
The first phase is expected to be completed in 1998 and the remaining three phases will be completed by the year 2005.

The continuing Bosnian crisis

Continued trade tensions

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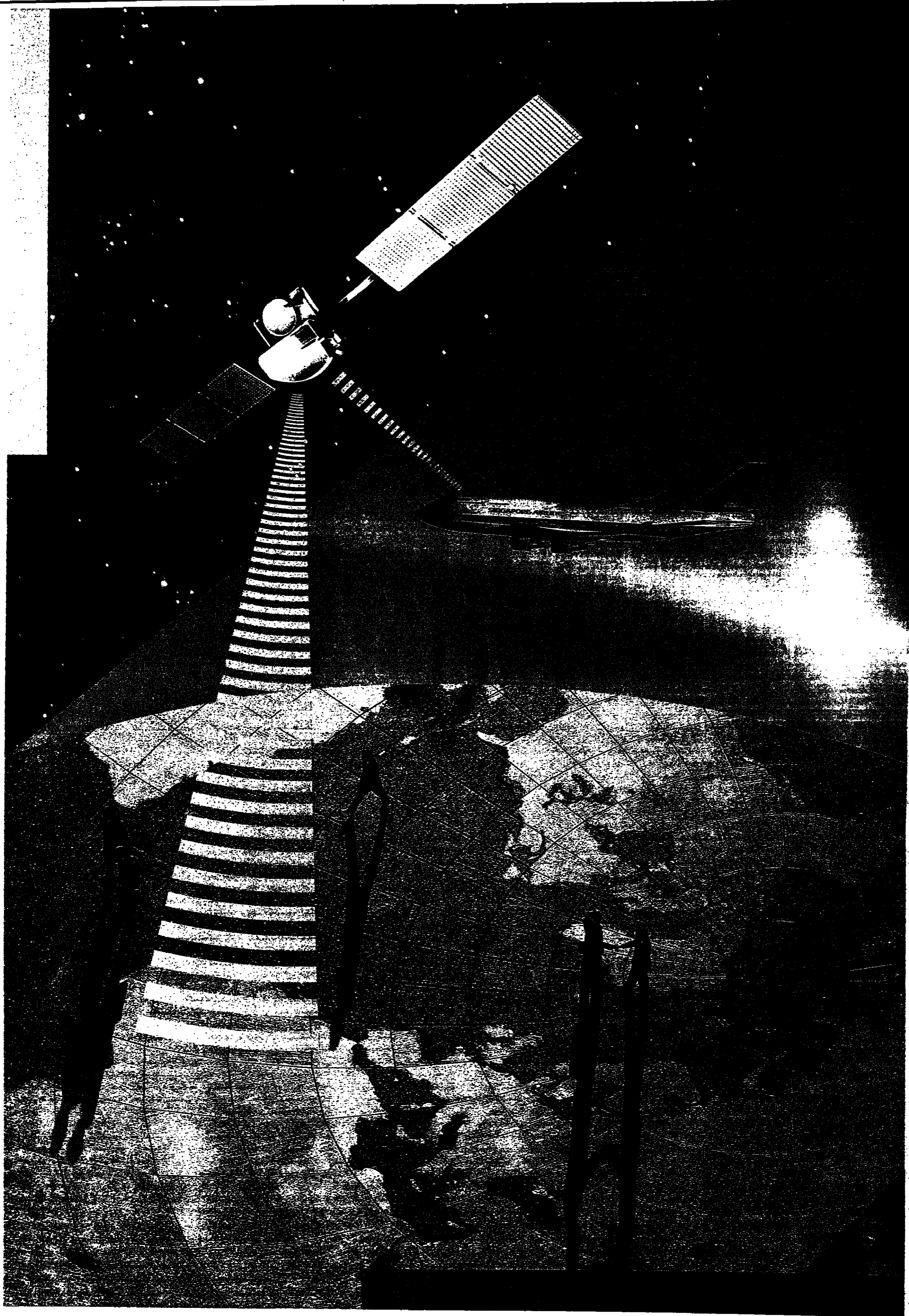
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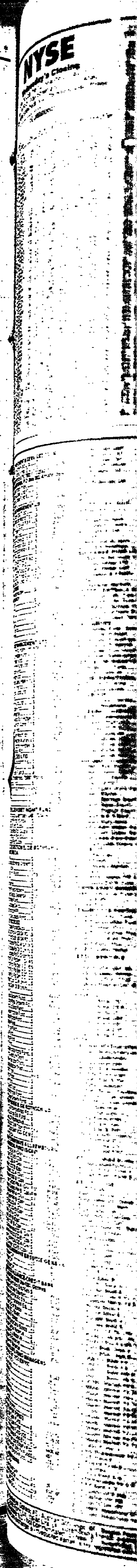
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NYSE Wednesday's Closing. Tables include the nationwide price up to the closing on New York and do not reflect late trades elsewhere. Via The Associated Press.

12 Month High/Low Stock. Div. Yld. PE. High/Low/Last/Chg. Columns for various stock indices and individual stocks.

NYSE High-Lows. NEW HIGHS and NEW LOWS. Lists of stocks with their respective high and low prices.

ADIC INVESTMENT & SERVICES CO. (I.C.). AIC Future Fund Ltd., AIC Global Fund Ltd., AIC Euro Bond Fund Ltd., etc.

INTERNATIONAL FUNDS. DARTER HENTCH GROUP, DARTER HENTCH FUND, DARTER HENTCH FUND, etc.

INTERNATIONAL FUNDS. GY ASSET MANAGEMENT (IRELAND) LTD., GY ASSET MANAGEMENT (IRELAND) LTD., GY ASSET MANAGEMENT (IRELAND) LTD., etc.

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ART BUCHWALD

The Profits of Buyouts

WASHINGTON—The magic word in business these days is "buyout." Companies are feverishly offering their employees buyout contracts so that they will leave and reduce the work force of the institution. More money is being made from buying out employees than there is from manufacturing a product.



Buchwald

Warren kept talking and counting out bills. "How do you do it?" "Our company is considered the best-managed in America because we have eliminated the one thing that business doesn't need—workers."

Empire Library Saved in Britain

LONDON—The world's finest library on the history of the British Empire has been saved from dispersal by a fund drive that raised £3 million (about \$4.5 million).

At that moment a very nattily dressed man came up to the table. "Hello, Warren, would you please pay me?" Warren counted out the cash. Then he turned to me and said, "That was the chairman of the board. He's cashing in on his own buyout. If he wants to leave, things must be really bad."

White House Politics Hollywood Style

By Bernard Weinraub

LOS ANGELES—The long-running attraction between Washington and Hollywood has often proved fatal when Hollywood struggles to make movies about Washington.

"The trouble is Hollywood often treats Washington cynically," said Gary Ross, the screenwriter of "Dave," a decidedly uncynical movie that opened in the United States over the weekend to some of the best reviews in years for a comedy. "Dave" opened relatively strongly, coming in second at the box office after another new film, "Dragon: The Bruce Lee Story."



Kevin Kline and Sigourney Weaver as the presidential couple in "Dave."

Hired as a stand-in for the president, Dave soon becomes the real thing when the chief executive suddenly has a stroke. And he turns 1600 Pennsylvania Avenue into a much more humane place, to the rage of the chief of staff, a despot who gives Machiavelli a bad name.

The film, directed by Ivan Reitman, also stars Sigourney Weaver, as the first lady who despises her real husband and falls for the impersonator, and Frank Langella, as the chief of staff.

Seated in his office at Universal Studios, where he is writing his next film, Ross said "Dave," a Warner Brothers movie, had already been greeted enthusiastically in Washington by President Bill Clinton, who watched it at a special screening at the White House.

The idea for the movie came to him while he was watching the Iran-contra hearings, said Ross, who says he enjoys politics as much as he enjoys movies and is fond of pointing out all the people he knows in Washington.

"Some of those White House chiefs of staff were, let's face it, megalomaniacal," he said. "These guys were as powerful as the president, if not more so. So I wondered what would happen if one of these guys did not want to let go, if the horse they rode suddenly collapsed but they didn't want to collapse with it."

Although the film is a fairy tale, its comic realism is enhanced by the appearances of such real-life Washington personalities as Senators Paul Simon, Christopher J. Dodd, Alan K. Simpson, Howard M. Merzenbaum and Tom Harkin, who improvised their lines in accordance with their own styles and ideologies when asked about a fictitious presidential job offer.

Also appearing in cameos are an assortment of television journalists who perform almost too effortlessly, like show-biz pros. Even the director Oliver Stone, who is hardly known for spoofing himself, does so with some glee as he discusses conspiracies in the White House.

Ross said from the outset he intended to use real television commentators and correspondents, and wrote them into the screenplay. He said he went to last year's White House correspondents' dinner, and "just started approaching people, and asked them if they wanted to be in the movie." He added, "Everybody wanted to."

The idea of using real politicians, on the other hand, came later. After hearing the plot details, most readily agreed to appear, Ross said. These are not, after all, shy or retiring people.

He added, however, that he was surprised at how many wanted to do it. "I think they enjoyed a chance not to take themselves so seriously," Ross said.

The journalists received about \$1,000 a day, Ross said, and the politicians received scale wages and debated the money to charities.

Although he is an unabashed liberal, Ross received the cooperation of Anna Perez, press secretary for Barbara Bush. In researching the details of the White House, (Perez is now a spokeswoman at the Creative Artists Agency in Hollywood.)

Ross's life has always revolved around movies and politics. He grew up in Studio City, a Los Angeles suburb, the son of Arthur Ross, a screenwriter ("Creature From the Black Lagoon," "Brubaker," "The Great Race") and Gail Ross, a speech pathologist.

Ross's elder sister, Stephanie, is a civil rights lawyer. His wife, Allison Thomas, worked in President Jimmy Carter's White House and now runs a public relations company here that specializes in the computer industry. Ross wrote speeches for Governor Michael S. Dukakis during his presidential campaign.

Ross began writing novels in high school and later at the University of Pennsylvania. He dropped out after three years and never returned.

"I went down to South Carolina to work on a fishing boat because I thought that's what you had to do to be a writer," he said with a laugh. "It's a cliché. Embarrassing. It was an ersatz bad Hemingway trip. I was out to catch a big fish. I caught a lot of little ones and got a lot of sun."

He returned to Los Angeles and began writing screenplays. His first substantive effort was "Big" (1988), which he wrote with Anne Spielberg. The film, about a 12-year-old boy who turns into a 30-year-old man, was a fantasy, like "Dave," and a critical and financial success. He then began writing "Dave."

Ross spent more than a year and a half on the first draft of "Dave," and then tossed it out because the hero seemed too passive. He rewrote it to make Dave a fairly aggressive guy, as well as a very decent one.

"Political movies have to have the right point of view," said Ross, whose next film, "A Couple of Points," is about a gubernatorial race in California. "It helps to be familiar with that world. It helps to have the right kind of hero. These films in the 1930s succeeded because they understood what the right hero was; they weren't afraid of populism."

"The worst thing I hear about 'Dave' is that it's too sweet," he said. "I'll take that criticism. Or some people say it's blindly optimistic. I'll take that, too. I'm not naive about politics. But if this movie serves as a reminder that politics ought to be, like Dave, uncynical, then I'm really happy. That's the point. It should be uncynical."

PEOPLE

On Tipper Gore's Bus: Close-ups of Campaign

Instant history: Tipper Gore didn't just spend the campaign campaigning. She was also keeping record, snapping photos of presidential candidate Bill Clinton and vice presidential candidate, her husband Al, to capture the campaign's "enthusiasm and excitement." Campaign history buffs — others abstain — can view 40 of her photos in a show at the Woodrow Wilson House in Washington.

Brandon Lee, 28, who was accidentally killed on the set in March, will nevertheless be the star of "The Crow," according to the movie's producers. Production was halted after the actor, the son of the late Bruce Lee, was shot to death. "What I can tell you is that Brandon will be in the film. He remains the main character," a spokesman said.

On this one, the White House spokesman George Stephanopoulos isn't speaking. His romance with actress Jennifer Grey of "Dirty Dancing" fame moved into the spotlight last weekend when he brought her to the Oval Office to see Bill Clinton deliver his weekly radio address. "He's very upset about all the publicity," a White House insider said.

Garth Brooks made it three in a row as entertainer of the year at the Academy of Country Music Awards in California. Kix Brooks and Ronnie Dunn earned three trophies; Vince Gill was named top male singer and Mary Chapin Carpenter top female vocalist.

Jeffrey Masson's memory proved a bit fuzzy on the witness stand in San Francisco as Gary Roewick, high school teacher and the psychiatrist had once disputed in Janet Malenka's articles in The New Yorker magazine. Roewick, Malenka's lawyer, ran through quotations that Masson had challenged. Time and again, Masson denied saying something, only to discover that it was on the tapes and in the transcripts.

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WEATHER

Weather forecast for Friday through Sunday. Includes maps of Europe, Asia, and North America, along with temperature and precipitation data for various regions.

CROSSWORD

Crossword puzzle grid with clues for Across and Down. Includes a solution to the puzzle of May 12 and a list of words found in the puzzle.

THE FURIES

By Janet Hobhouse. 293 pages. \$22.95. Doubleday. Reviewed by Daphne Merkin

JANET HOBHOUSE, who died in 1991 at age 41, managed to cram a whole lot of living into her foreshortened existence. The impression one gathers upon reading "The Furies," her posthumous memoir-cum-novel, is that she led the sort of epic life that should have made for great fiction. By dint of intelligence and drive, Hobhouse willed herself upward from a disheveled childhood and a depressive mother into the wider spheres of an Oxford education and a cosmopolitan lifestyle, which included beautifully decorated apartments, literary attainments, love affairs with famous men, and devoted friends.

BOOKS

precious, so isolated from anything resembling family or stability, so utterly dependent on one another to provide a lovable human universe, that the existence of forebears, documented in hundreds of photographs—brown as leaves and dog eared, but vivid, stylized, ornate above all theatrical—seems to me even now a kind of fairy tale.

WHAT THEY'RE READING

Robert D. Hormatz, vice chairman of Goldman Sachs International and a former U.S. assistant secretary of state, is reading David McCullough's "Truman."

WHAT THEY'RE READING

Hobhouse offers a brilliant, sustained critique of Terence Conran's remorselessly cheerful, speciously democratic invasion of interior decoration in the 1970s ("the mindlessly happy decor that slid in place over the unshiftable understructure of class and privilege").

gifted, clear-seeing daughter. As in a Tennessee Williams play, women from substantial backgrounds—in this case, immigrant Jewish rather than landed Southern—get displaced via the vagaries of fate and the unkindness of strangers, and never find their footing again. (The men in this book appear only to disappear quickly.) It is a gorgeously constructed book about that most basic of needs, mother-hunger, and about the accompanying sense of fury at the long reach of those very "maternal tentacles." She owned me," Hobhouse states matter-of-factly after recounting her mother's suicide, "because I was her great love."

Daphne Merkin, a free-lance writer living in New York, wrote this for the Los Angeles Times.



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